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M e m o r a n d u m .

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1. On April 25th, 1940, a War Trade Agreement has been concluded between the Swiss Government and His Majesty's Government in the United Kingdom in which his Majesty's Government undertook not to hamper the imports destined for Switzerland passing through the British blockade, whilst Switzerland on her part assumed far reaching obligations concerning the re-export, in particular to belligerent countries.

2. Switzerland has always fulfilled these obligations most scrupulously. In so far as certain amendments have been brought to the original stipulations of the Agreement since April 25th, this was done with the utter consent of His Majesty's Government. The application of the Agreement itself has always taken place in close contact with His Majesty's Legation in Berne.

3. On Italy's entry into the War, the imports into Switzerland have been suddenly stopped. A large number of ships, the cargoes of which are accompanied by all documents required, are waiting in ports west of Gibraltar and causing heavy losses to Switzerland in money and goods. Further imports are at present prevented through the refusal of Navicerts.

4. In view of the changed conditions, Switzerland has at first had an amount of comprehension for this interruption. Still, the longer this situation lasts and the more the stocks in the country are dwindling and new imports are



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becoming of vital necessity, the more difficult it is to understand the negative attitude taken by His Majesty's Government, considering that the questions pertaining to the blockade have been settled by Agreement. The release of a few vessels to Savona and Genoa has been greatly appreciated. It was hoped that His Majesty's Government would allow further imports in a more swift succession. Yet although the above test cases have shown that even under the present circumstances imports and exports through Italy are secured without any loss of goods under the Transit Agreement between Switzerland and Italy two cargoes of maize and four of coal have only been allowed through the control during the last three months. Switzerland begins therefore to feel cut off from the Western World.

5. The re-organization of the Navicert system and the British authorities' practice to issue permits for the goods which have to pass through the British blockade place the import channels into Switzerland from overseas under His Majesty's Government's control. The Swiss Government have noted with satisfaction that His Majesty's Government neither intend to stop the imports into Switzerland nor to barr the various and important Swiss trade relations with the neutral countries overseas. Switzerland hopes to find in His Majesty's Government's future attitude the same friendly comprehension for her very particular position which was shown her during the first nine months of the war.

6. It has become manifest during the last three months that the amount of the stocks in foodstuffs and raw

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materials now existing in Switzerland causes some concern to the British Government. These stocks are extremely diverse. Some of them such as coal, oil, maize, oats, etc. or, in another category diamond boarts, are actually so small now that immediate imports have become a vital necessity in order to prevent far reaching repercussions in Switzerland's economic and therefore social conditions.

7. It should not be disregarded in appreciating the problem of the Swiss stocks that the country has no direct approach to the sea and that under the present circumstances, the delays to which new imports from far distant territories overseas are subject have been greatly increased. Stocks for about six months ahead should therefore not be considered as a rule as exceptionally high. As such stocks apply to a population of only 4 million people, they should not, when comparison is made with other countries' immensely greater requirements, be of any concern to His Majesty's Government.

8. The Swiss Government would view as a practical solution of the present import difficulties to come, on the basis of the War Trade Agreement of April 25th, 1940, to a modus vivendi with His Majesty's Government, according to which imports into Switzerland should be made possible within certain limits to be drawn up in common. To this effect the Swiss Government have sent a representative to London to conduct negotiations towards this end.

9. The points to be discussed foremost would seem to be:

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- a. The prompt release of the cargoes mentioned under point 3 hereabove. This would mean an increase of the now existing stocks covering not more than a few weeks requirements in the utmost case.
- b. The beginning of the cold season makes it imperative that the question of fuel for domestic use be settled forthwith. Imports of coal by sea should be freed from any quantitative restrictions. Up to now only 25% of the normal requirements of coal for such use could be allotted. Moreover the fuel oil stocks have reached such a low level that no allotment for domestic purposes could be made so far. No improvement of this situation can be secured without allowing the use of transport by sea as the transport facilities of oil over land from Rumania are entirely inadequate.
- c. An arrangement should be reached the main purpose of which would be to secure for Switzerland henceforth regular imports from overseas. The Swiss Government appeals again to the friendly co-operation of His Majesty's Government and hopes that the country's vital needs will be given due consideration.

London, 19th September, 1940.