

Tel. No.
GROSVENOR 4060.

LEGATION DE SUISSE, LONDRES
15 OCT 1940
ENTREE N° 2899
DISPATCH 6 a.s. 40

MINISTRY OF ECONOMIC WARFARE,
BERKELEY SQUARE HOUSE,
BERKELEY SQUARE,
W.I.

15th October, 1940.

Recd U 15-10-40

Dear Professor Keller,

When I had the pleasure of seeing you yesterday I informed you of the policy in regard to Swiss imports which His Majesty's Government have decided to adopt in existing circumstances. In doing so I was obliged to point out that the already difficult situation had been aggravated by the temporary refusal of the Swiss Authorities to grant Swiss export licences for a number of goods consigned to the United Kingdom and even, I understand, for certain goods destined for neutral countries. I added however that, in spite of this, we were prepared to make a number of concessions in order to meet the wishes of your Government so far as we reasonably can.

As I told you, I was glad to learn that you had been able to agree with my officials the amounts of the Swiss stocks of the most important commodities, and also to hear that Switzerland has a considerable supply of lubricating oil, wheat, rye, vegetable oils, sugar, coffee, rice, cotton, wool, lead, zinc, tin and mercury. As regards all these commodities His Majesty's Government cannot agree to facilitate further imports into Switzerland until the Swiss stocks have in each individual case come down to a two months level. I wish, however, to make it clear that this principle will not be applied with undue rigidity, and in particular that Switzerland will not have to wait until her stocks are at or below the two months level before applying for navicerts and export licences. In general, I shall be prepared to consider applications so that stocks in Switzerland can be maintained at the two months level and no undue anxiety need, therefore, be felt by your Government as to the supplies in question.

His Excellency
Professor Keller.

It.....

Dodis



Tel. No.
GROSVENOR 4060.

MINISTRY OF ECONOMIC WARFARE,
BERKELEY SQUARE HOUSE,
BERKELEY SQUARE,
W.I.

- 2 -

It has been noted that the Swiss supplies of which there is now a shortage include coke, paraffin, benzine, diesel oil, maize and to a lesser extent barley and oats. To take each of these commodities in turn, His Majesty's Government will be prepared to facilitate the import of coke into Switzerland and will also grant navicerts and export licences for coal, although I understand that Switzerland has in fact a six months' supply of coal. Without making any condition on this point, I hope that Switzerland will find herself able to purchase in the United Kingdom a reasonable proportion of the coke and coal she requires. As for benzine, paraffin and diesel oil, all these are German deficiencies, and I shall have to examine further the question whether any shipments of them from overseas to Switzerland through our blockade can be permitted. My officials are not entirely satisfied that there is a real shortage of maize in Switzerland, but we will nevertheless agree to allow the maize on three of the waiting ships (the "Kapetan Stratis", the "Mount Pindus" and the "Siretul") to go forward. Permission cannot however be granted for the "Siretul" to proceed, and this particular cargo will therefore have to be forwarded on some other ship. In the same way my officials are not convinced that a good case has been made out for facilitating a further import into Switzerland at this stage of barley and oats. Nevertheless I will raise no objection to the consignments of barley (500 tons) and oats (1,525 tons) on the "Mount Pindus" going forward or to the transshipment to Switzerland of the barley (1,230 tons) and oats (2,750 tons) on the "Siretul".

I am also glad to inform you that His Majesty's Government will be ready to grant navicerts and export licences for any goods of a character which they are satisfied cannot benefit our enemies. I cannot at the moment give you a list of such goods and this will need further exploration. But I may say at once that I shall be prepared to authorise navicerts for certain consignments

from/

Tel. No.
GROSVENOR 4060.

MINISTRY OF ECONOMIC WARFARE,
BERKELEY SQUARE HOUSE,
BERKELEY SQUARE,
W.I.

- 3 -

from the U.S.A. of motor-trucks (without tyres), spare parts, agricultural machinery and electric motors for frigidaires in respect of which we have had applications. On the information before me, I cannot agree to any tyres being imported.

As to the four coal ships now waiting (the "Mount Aetna", the "Mount Parnes", the "Ivan Topic" and the "Stavros") I agree to allow these vessels to proceed two by two, in any order you may prefer. You will no doubt get in touch with this Ministry about these ships in order that the necessary instructions may be given.

I was also able to inform you that, in response to the urgent representations of the Swiss President that these rails are required on defence grounds, instructions are being sent to facilitate the passage to Switzerland of the two ships (the "Kassos" and the "Hadiotis") loaded with scrap rails.

I trust that you will recognise the extent to which I have gone to meet the Swiss Government's requests. It is our desire to avoid all unnecessary friction in the application of the policy outlined in this letter, and accordingly navicerts and export licences within the agreed quotas and for commodities not subject to any quota will, as a general rule, be granted without our requiring guarantees against export from the individual consignees, as we rely on the official certificate of guarantee under the Anglo-Swiss Agreement. Nevertheless, I must make it clear that we must naturally maintain fully our right to examine from the consignee angle all applications for navicerts and export licences. I must also emphasise that our whole policy will be subject to revision at any time, if the position in Switzerland deteriorates from our point of view or if the enemy detains or seizes any cargoes destined for Switzerland or any ships carrying such cargoes. On the

other.....

Tel. No.
GROSVENOR 4060.

MINISTRY OF ECONOMIC WARFARE,
BERKELEY SQUARE HOUSE,
BERKELEY SQUARE,
W.I.

- 4 -

other hand, we will be ready to consider a relaxation of our policy, if Switzerland at some future time is able to show that she has regained her independence from the present enemy control over her exports.

In this connexion, it would be useful if you would take steps to elucidate the exact position in regard to Swiss exports. I understand that export permits will in future be freely granted by the Swiss authorities, but that you are not yet in a position to say how far the German or Italian controls will be extended and what goods will, in fact, be allowed to pass through these controls. I trust that you will be able to assure me that the Swiss Government will do its utmost to facilitate the passage of exports to the United Kingdom and our judgment of the success of Switzerland in maintaining her independence will naturally be influenced by the extent to which such exports will, in fact, prove possible.

I wish also to confirm what I said to you about certain Swiss Banks with international connexions. His Majesty's Government are not satisfied about some of the operations of these banks, and they must reserve their right to take such action as may be necessary should these operations continue.

I think that I have now dealt with all the more general questions of policy which have been raised either by yourself or by this Ministry. There are, however, no doubt some other matters which will have to be gone into. For instance, there are other ships which have been waiting to proceed to Switzerland besides the three I have already mentioned. I understand that the "Marpessa", the "Mount Helikon", the "Nereus", the "Moscha D. Kydoncfs", the "Jurco Topic", the "Olga Topic", the

"Nadin"...

Tel. No.
GROSVENOR 4060.

MINISTRY OF ECONOMIC WARFARE,
BERKELEY SQUARE HOUSE,
BERKELEY SQUARE,
W.I.

- 5 -

"Nadin", and the "Thetis" have all got wheat and other cereals on board. As at present advised, I cannot, in view of the very large stocks of wheat already in Switzerland, agree to these going forward. As an earnest of our desire to minimize as far as possible the loss which this decision might cause to the Swiss purchasers of these cargoes, I told you that we were considering whether it would be possible for the Ministry of Food to buy the cargoes at their market price on arrival, if the ships can be sent to the United Kingdom, or alternatively whether the cargoes can be sold to Spain. You asked, however, whether our decision in regard to these vessels could not be reconsidered and in accordance with my promise, I will have this matter further examined.

Yours sincerely

Hugh Dalton.