

AIDE - MEMOIRE

1. The British Legation at Berne has been instructed to state that, while the proposals set forth in the Aide-Memoire of the 10th July which was handed by the Federal Councillor of Public Economy to H.M. Minister present a step forward in the desired direction, attention must be drawn to certain loop-holes created by these proposals which might result in nullifying the advantages to be expected therefrom.

i) It is observed that the proposed concessions with respect to the limitation of undesirable exports refer to Germany alone and that other Axis countries are specifically excluded. It is obvious that this might result in deliveries to the Axis as a whole not being reduced at all.

ii) It is observed that no safeguards are provided against the under-valuing of objectionable exports, so that an apparent reduction of such exports in terms of value might prove to be no reduction or even an increase in weight or number of pieces.

iii) No safeguards are provided against the exportation to the Axis of watchmakers' tools and possibly other machinery, especially of importance for precision work, together with the necessary skilled labour to operate them.

2. In the light of the foregoing considerations, it would have been preferable by far had the proposals contained in the British Legation's Memorandum of the 5th July, been accepted as they stood. The British authorities, however, are prepared to re-consider their attitude if the Swiss Government is prepared to give at the earliest opportunity the following assurances :-

i) That it will not permit a situation to arise which might deprive the British Government of the benefit of the concessions proposed in the Aide-Memoire of the 10th July. For instance, that it will not permit the export

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export of watchmakers' tools.

ii) That during the second six months of 1943, the exports to Axis Europe other than Germany of the items under discussion will not exceed 50% of the exports of 1942.

iii) That exports to the whole of the Axis countries under tariff items MDY, M9 and 956a/f which are not covered by the present offer of reductions, shall not exceed 50% of the exports in 1942.

iv) That the proposals already made regarding exports to Germany of these machinery items shall be put into effect forthwith.

v) That the limitation to 40% of the exports of 1942 shall apply also to watchmakers' tools (tariff item 747). It will be recalled that the inclusion of this tariff item was originally proposed in the memorandum presented by the Swiss Minister in London on the 21st June, 1943.

vi) That there will be no reduction in price of any articles covered by this proposal.

3. If the Swiss Government is prepared to accept these further terms, it will be possible to recommend that half of the food quotas should be resumed and that Dr. Sulzer and Professor Keller should be received in London for the purpose of discussing outstanding matters. The British Legation is, however, instructed to make it clear that this will involve re-consideration, both in London and Washington, of some of the matters dealt with above and will, in any event, involve a further delay in the resumption of navicerts. It would therefore appear to be considerably to the advantage of the Swiss Government if they were to accept in full the original proposals contained in the memorandum of the British Legation of the 5th July.

17th JULY, 1943