

Mr. Faust / Riepl
5.4.44

EXPORT TRADE WITH JAPAN

1. In the autumn of 1942 the Allied Delegation put forward a request tending to the full cessation of Swiss exports to Japan.

Already during the negotiations of 1942, the Swiss Delegation pointed out that the complete suspension of exchanges with Japan would not be acceptable owing to the fact that the policy of strict neutrality pursued by the Swiss Government places them under the obligation of maintaining commercial relations with all countries.

2. However, the Swiss Government have endeavoured to influence Swiss exports to Japan by insisting, as had already been done in the case of Swiss trade relations with other countries, on a full compensation of these exports with Japanese imports of actual interest for Swiss economy. Export permits for Swiss goods ordered by Japan are now granted only when the corresponding Japanese goods have already been delivered in Switzerland.

This measure applied at first only to the exports of war material. It was later extended to the entire group of machinery and instruments, i.e. practically to all the important Swiss exports to Japan.



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3. -- The Japanese Government protested strongly against these measures, which had the following effects on the exports from Switzerland to Japan:

1938		32,9 million Swiss francs		
1942		22,2 " " "		
1943		2,9 " " "		
1943	September	0,044 " " "		
	October	0,021 " " "		
	November	0,045 " " "		
	December	0,046 " " "		
1944	January	0,045 " " "		
	February	0,025 " " "		

4. That exports for the year 1943 still amounted to about 3 million francs - equal to 1/10th of pre-war exports, not taking into account increases in price since 1938 - is due to the fact that a number of export permits granted towards the end of 1942, i.e. before the coming into force of the new Swiss regulations mentioned above, were still valid in 1943. This transitory period came to an end in the summer of 1943 as shown by the export figures quoted in paragraph 3.

5. Since September 1943, the very small Swiss exports to Japan were exclusively composed of

books	(tariff item 321)
clocks	{tariff item 928} and
watches	{tariff item 935b}.

6. The Swiss Government are convinced that the autonomous steps thus taken by them as regards exports to Japan have led to results which practically correspond to the

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wishes of His Majesty's Government and the U.S. Government.

They are decided to further maintain this policy; but for the reasons given above cannot see their way formally to agree to the suspension of Swiss exports to Japan.

London, 5th April, 1944.