

LÉGATION DE SUISSE

WASHINGTON, 8 D. C.

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M. Y. Reithard
à dire s.v.p.

M. Weber

Den 1. Dezember 1952.

après signature p.l.c.

POLITISCHES DEPART.
- 8. DEZ 1952
S.C.M. 124.1.

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Herr Minister,

Der Korrespondent der New York Times in der Schweiz, George H. Morison, veröffentlichte am 24. v.M. in diesem Blatt einen Artikel betreffend die jüngste Entwicklung der schweizerischen Kapitalinvestitionen im Ausland. Er will festgestellt haben, dass die Schweiz zu einer jährlichen Kapitalinvestition im Ausland in der Höhe von zirka 100 Millionen Dollars oder zirka 428 Millionen Schweizerfranken fähig sei. Die bisher in diesem Jahr gemachten Kapitalexporte in Form von öffentlichen Anleihen und Krediten betragen jedoch nur 347 Millionen Schweizerfranken.

Die Ursachen fuer dieses Zurueckbleiben der tatsaechlichen Kapitalexporte hinter der hiefuer vorhandenen Kapazitaet erblickt Morison vor allem in einer auf Anraten schweizerischer Bankenkreise geuebten Zurueckhaltung bei der Festsetzung des Betrags der kuerzlich gezeichneten schweizerischen Anleihe der Internationalen Wiederaufbaubank in Washington.

In der Annahme, dass dieser Artikel fuer Sie von Interesse sein koemnte, lasse ich Ihnen in der Beilage ein Exemplar davon zukommen.

Genehmigen Sie, Herr Minister, die Versicherung meiner ausgezeichneten Hochachtung.

1 Beilage.

Reithard

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S.C.M. 103.2.

Les den x Jovias
s.v.p.
G. Reithard

Eidg. Politisches Departement,
Politische Angelegenheiten,

B e r n .

-8. Dez. 1952 Sch



SWISS AID ABROAD STIRS SPECULATION

Authorities There Deny 3 Big
Foreign Loans in November
Means Change in Policy

By GEORGE H. MORISON

Special to THE NEW YORK TIMES.

ZURICH, Nov. 23—Major financial operations involving the export of Swiss investment capital in November have raised the query whether this indicates a change of policy by Switzerland and if so whether the revival of public interest in investing abroad does not indicate a willingness in Switzerland to help financially the accelerating economic recovery of West Germany.

All competent authorities in Switzerland deny that any change in policy has occurred. The appearance of three major operations within a few days of one another, it was held, was pure coincidence.

At the negotiations, begun months ago, so many complicated questions had to be settled that long delays occurred in each case before concrete results could be reached.

At rough guess, so all qualified experts says, Switzerland is able to export an average of about \$100,000,000 in investment capital yearly, that is about 423,000,000 francs.

Amount of Capital Involved

Up until the end of April, the aggregate of all foreign loans issued in Switzerland was 147,000,000 francs. The total amount of capital involved in the three operations occurring in November is 200,000,000 francs including:

¶ A credit announced on Nov. 8 of 100,000,000 francs granted to the French Government jointly by three Swiss Commercial banks.

¶ A loan of 50,000,000 francs to the International Bank for Reconstruction and Development sponsored by a large group of Swiss banks.

¶ A loan of 50,000,000 to the Belgian Government by a Swiss bank consortium issue to begin on Nov. 26.

So that to the end of November the total amount of investment capital exported from Switzerland in 1952 in the form of public loans and credits will be 347,000,000 francs, well below the \$100,000,000 that no further capital export is expected in 1952. Better results than those actually obtained would have been achieved if the all recent issues had been postponed until 1953. Most Swiss banks and businesses now are thinking about preparation of annual balance sheets and consequently are eager to keep their assets as liquid as possible.

At preliminary deliberations of the world bank, representatives expressed surprise that the Swiss banks advised against any attempt to raise more than 50,000,000 francs by a loan issue whereas the French Government has just obtained from Switzerland a credit for 100,000,000 Swiss francs.

The answer given by the Swiss banks was that the capital to be placed at the disposal of the World Bank must be obtained from private investors in Switzerland whereas the funds advanced to the French Government were provided own resources of French treasury bills for this amount is being taken up by the Swiss banks. Redemption will follow in three equal instalments, the first after two

years, the second after three and etc. after four years.

This is the first time since World War II that the French Government has been able to obtain any loan from the Swiss banks which had refused to consider any such transactions until the French Government kept her obligations under terms of the loan issued in Switzerland in 1939. That fundamental condition was at last satisfied some months ago. But by then the confidence of Swiss investors was shaken so seriously by the obstinate reluctance of the French Government to keep its word that for the time being the state of mind of Swiss investors is not favorable for an issue of any further loans to France.

On the other hand the Swiss banks felt obliged to show their appreciation of the sincere effort of the Pinay Government to put French finance and the economy on a sound basis. Moreover, they also were eager to facilitate Swiss exports to France by providing France with Swiss francs indispensable for making payments.

Plans on Repayment

This credit will be made available to the French treasury and repayment ultimately will be effected through the European Payments Union. The Swiss credit surplus at E. P. U. amounting to \$196,800,000 at the end of October will be reduced by an equivalent of 100,000,000 Swiss francs, giving Switzerland more freedom of action. The French E. P. U. credit quotas is almost exhausted. Consequently nearly the whole of any deficit occurring in the November settlement would have to be covered in gold or dollars. Owing to the Swiss credit, France's obligation to pay in gold will be reduced accordingly.

Whereas the first World Bank loan of 50,000,000 Swiss francs issued in Switzerland in July, 1951, was a success, that offered this month fell flat, only being just fully subscribed because the Swiss banks and some larger Swiss insurance companies increased the amount of their original applications.

Commenting on this, one prominent Swiss authority said that the Swiss investing public has not yet realized how attractive to investors the World Bank loan is, most Swiss investors still preferring a nominal yield of 4 per cent on the Belgian bonds to the 3½ per cent in the World Bank bonds. Since the faiso of the internationally strong guaranteed Dawes-Young loans, all bonds issued by international institutions are mistrusted by Swiss investors.

Guarantee Is Overlooked

The fact that in the case of the World Bank the United States Government guarantees the debts up to \$2,500,000,000 while total indebtedness of the World Bank is only \$556,000,000 is overlooked. Another psychological drawback with Swiss investors is that the World Bank lends to countries

where private banks dare not take the risk.

Although until now the Belgian loans have been exceedingly popular in Switzerland, the 50,000,000-franc bond issue to be offered on Nov. 26 probably will not be oversubscribed like the four post-war predecessors.

Of the 610,000,000 Swiss francs in post-war foreign loans issued in Switzerland, Belgian and the Belgian Congo loans account for 320,000,000 Swiss francs, so that the market presumably is saturated.

Resumption of Swiss investment abroad is not an indication of an inclination to export Swiss capital to Germany, all Swiss authorities say. Swiss opinion on Germany as an investment market will be formed only after experience has shown how the recent German external debt settlement agreement works in practice.

"The New York Times", 24. November 1952.

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