

WAR TRADE BETWEEN SWITZERLAND AND THE AXIS POWERS

Exchange of letters at London December 19, 1943

Entered into force December 19, 1943

Modified by agreements of August 14, 1944,¹ and March 8, 1945²

Amended by agreement of April 5, 1945³

1943 For. Rel. (II) 888

*The Parliamentary Secretary of the British Ministry of Economic Warfare
and the Head of the Economic Warfare Division of the American Embassy
in the United Kingdom to the Swiss Delegate in Charge of Trade Agree-
ments at London*

LONDON, December 19, 1943

DEAR PROFESSOR KELLER: His Majesty's Government in the United Kingdom and the United States Government have considered the proposals contained in the Swiss Government's memorandum dated November 18th, 1943,⁴ which, as modified and clarified in subsequent correspondence and conversations, may be summarized as follows:

(1) The Swiss Government agrees to limit the export to Axis Europe during the first six months of 1944 of the goods as specified item by item in Annex 1. hereto.⁵ It is agreed that wherever the expression "Axis Europe" is used in this letter it is intended to comprise the whole of continental Europe, other than Portugal, Spain, Sweden, Turkey and that part of European U.S.S.R. which is not occupied by the enemies of H.M.G. and/or U.S.G.

(2) The goods listed in Annex 1. may be exported to Portugal, Spain, Sweden and Turkey, but the Swiss Government will take appropriate measures to ensure that such goods will not be re-exported in any form to Axis Europe.

(3) The undertakings now given by the Swiss Government shall remain in force until the signature of Armistice terms with Germany. Until then the

¹ *Post*, p. 897.

² *Post*, p. 1033.

³ *Post*, p. 1038.

⁴ For text, see 1943 For. Rel. (II) 887.

⁵ Annexes not printed.

limitations on Swiss exports shall be reviewed at least every six months in order to consider which of those exports shall be further reduced. In this connection particular attention shall be given to the reduction of the special fixed quotas listed in Annex 1. as intended to liquidate existing contracts. In addition, should the Swiss frontier at any time be freed so that trade with the outside world is no longer subject to German control, the Swiss Government will immediately confer with H.M.G. and the U.S.G. with a view to meeting the new situation.

(4) The Swiss Government agree that they will confer with H.M.G. and the U.S.G. before arriving at any general agreement for the resumption of trade with Italy, and meanwhile will permit no exports of goods listed in Annex 1. to Italian territory without the prior approval of the Mixed Commission.

(5) If during the period of hostilities in Europe any territory in Axis Europe should withdraw from its association with Germany or be liberated from German control, the Swiss Government (a) will confer with H.M.G., and the U.S.G. before arriving at any general agreement for the resumption or continuation of trade with such territory, and meanwhile will permit no exports of goods listed in Annex 1. to such territory without the prior approval of the Mixed Commission and (b) will reduce Swiss exports to Axis Europe other than Germany of each global quota listed in Annex 1. by the same percentage as Swiss exports to such territory bore to the exports to the whole of Axis Europe other than Germany during the preceding six months.

(6) The Swiss Government will not permit, except as mentioned below, any reduction in the price level of Swiss exports to Axis Europe, nor in the price level of any group or any tariff item specifically mentioned in Annex 1. nor any increase in the price level of goods imported from Axis Europe without a corresponding increase in prices of Swiss exports fully compensating the higher prices of imports. If a decrease in the price level of Swiss exports is justified by economic considerations, the Swiss Government will reduce the export quotas listed in Annex 1. by a percentage equal to such reduction in the price level.

(7) The Swiss Government will not permit the whole or any part of the export quotas listed in Annex 1. which have been assigned to any particular Swiss exporter and have not been exhausted to be transferred in whole or in part to any other Swiss exporter or exporters in such a way that the effect of individual undertakings to H.M.G. and/or the U.S.G. is nullified or diminished, nor will the Swiss Government permit the transfer of quotas from one manufacturer to another so as to result in concentration upon any particular article of manufacture.⁶

⁶ For a modification of clause 7, see agreement of Aug. 14, 1944, *post*, p. 897.

(8) The Swiss Government enter into the following agreement in respect of the processing, improvement and repair trades in Switzerland.

Processing (Trafic de Transformation actif)

(a) From January 1st, 1944, processing under all tariff items listed in Annex 1. will be suspended. No new permits have been issued since July 1st, 1943, under these items and all permits issued before that date will lapse on December 31st, 1943.

(b) Under tariff items not listed in Annex 1. processing will be allowed, but exports will be limited to a value not exceeding 6 million francs (of which not more than 3 million Swiss francs in the first quarter of 1944).

(c) Quarterly statistics of this trade will be supplied in future.

Improvement Trade (Trafic de Perfectionnement actif)

Exports will be limited as follows:

(a) Under all tariff items in Groups 11, 12 and 13 of the Swiss customs tariff item by item to one half of the values of these exports in 1942.

(b) There shall be no material alteration in the composition of the exports covered by the individual tariff items under (a) above.

(c) Quarterly statistics of this trade will be supplied in future.

Repair Trade (Trafic de Reparation actif).

Exports will be limited as follows:

(a) The repair of vehicles or other war equipment for the account of Axis Europe will not be permitted in Switzerland. This undertaking does not apply to articles of Swiss manufacture which can only be repaired in Switzerland, the repair of which will be limited in the first half of 1944 to one half of the values of such repairs in 1942.⁷

(b) i. For tariff items covered by Annex 1. item by item, to one half of the values of these exports in 1942.

ii. For tariff items not covered by Annex 1. to a value not exceeding 0.8 billion Swiss francs (of which not more than 0.4 million Swiss francs for the first quarter of 1944) to Axis Europe as a whole.

(c) It is recognised that the completion of repairs of goods already in Switzerland on December 31st, 1943, may make it impossible to observe the limitations in (b) i and ii above during the first few months of 1944. Should there be any objectionable excess from this cause H.M.G. and U.S.G. will confer with the Swiss Government in order to effect an adjustment over the remainder of the first half of 1944.

(d) Monthly statistics of this trade will be supplied in future subdivided under headings (b) i and (b) ii above.

(9) The question of exports by the International Red Cross or by any other humanitarian organisation will be considered at the same time as the rest of the agenda of September 30th, 1943, but in the meantime the Swiss

⁷ For a modification of clause 8 (b) i, see *ibid.*

Government will not authorise exports of Swiss produce by such organisations without the prior consent of the Mixed Commission. This undertaking does not apply to goods admitted through allied controls into Switzerland for re-export.⁸

(10) The Swiss Government agree to co-ordinate all Swiss purchases for goods covered by blockade quotas and/or allocations with purchases made by or on behalf of the United Nations if so requested by H.M.G. and/or the U.S.G.

2. For their part H.M.G. in the U.K. and the U.S.G. agree:

(a) that while this Agreement remains in force Swiss firms in the metallurgical industry which are not at this date on the Statutory List or Proclaimed List and have not yet entered into agreements with or given undertakings to H.M.G. and/or the U.S.G. shall not be listed or threatened with listing on the ground that such firms export to Axis Europe goods affected by and within the limits provided by this Agreement. H.M.G. and the U.S.G. reserve the right to obtain undertakings from or to list these firms for other reasons, but before listing or threatening to list firms in the metallurgical industry for exporting to Axis Europe goods not covered by this Agreement, H.M.G. and the U.S.G. will request the Swiss Government to fix a ceiling on the export of such goods. They will not, however, request the Swiss Government to introduce such export ceilings so as to have effect before July 1st, 1944, on goods normally manufactured by the metallurgical industry, and not covered by Annex 1. hereto, provided that exports of such goods to Axis Europe during the first half of 1944 are not in character or volume abnormal. The Swiss Government agree not to approach firms who have already entered into any such agreements or given any such undertakings with a view to preventing the observance of such agreements or undertakings.

(b) to delist Sulzer Brothers upon receiving from the Swiss Government on behalf of Sulzer Brothers an undertaking satisfactory to H.M.G. and the U.S.G.

(c) to restore full food and tobacco quotas and/or allocations from January 1st, 1944 (see Annex 2).

(d) to open a quota for fodder, and to examine other needs of Swiss agriculture. (see Annex 2).

3. H.M.G. and the U.S.G. understand that the Swiss Government are prepared to enter into negotiations with them in January 1944 regarding the outstanding items of the agenda of September 30th, 1943.

4. On learning that this letter accurately sets forth the intentions of the Swiss Government and the undertakings which they agree to give, H.M.G.

⁸ For an amendment of clause 9, see agreement of Apr. 5, 1945, *post*, p. 1038.

and the U.S.G. will be ready to regard the Swiss memorandum of November 18th, 1943, and this reply, as constituting a formal and binding agreement between the three Governments.

Yours sincerely,

[For the United Kingdom:] DINGLE FOOT

[For the United States:] WINFIELD W. RIEFLER

The Swiss Delegate in Charge of Trade Agreements at London to the Parliamentary Secretary of the British Ministry of Economic Warfare and the Head of the Economic Warfare Division of the American Embassy in the United Kingdom

LONDON, December 19, 1943

DEAR MR. FOOT AND MR. RIEFLER: I thank you for your letter of to-day concerning the proposals contained in the Swiss Government's memorandum dated November 18th, 1943, and wish to confirm that your communication accurately sets forth the intentions of the Swiss Government and the undertakings which they agree to give. I further confirm that your letter together with the present acknowledgement will be regarded by the Swiss Government as constituting a formal and binding agreement between our three Governments.

Yours sincerely,

PAUL KELLER