COMMERCIAL NEWS

Easing of Gold Trade Regulations.

Since the measures taken in December have given rise to all sorts of rumours concerned, for instance, with a release of gold by the Swiss National Bank in the free market, it will serve a useful purpose to state what the position actually is:

The Federal authorities have suspended the regulations on the maximum gold prices and the licensing of the gold trade. The regulations on the import, export and transit trade of gold remain, however, in force for the time being, but the Swiss National Bank will administer this control in such a way as to make it compatible with a free gold market.

As hitherto, the Federal Customs are empowered to sanction, without reference to the Swiss National Bank, individual applications to import, export or admit in transit industrial gold subject to the gold trade regulations, i.e., gold products specified under tariff Nos. 868 (parings, goldsmiths' ashes and dross) and 870 (gold — rolled, in plates or bands).

Permits from the Swiss National Bank are still necessary for the import, export and transit of currency gold, i.e., of gold in coins or in bars of a fine weight of at least 900/1000 (customs tariff No. 869*a* and 869*d*). It will, however, no longer be compulsory to deposit such imported gold with a Swiss bank. The Swiss National Bank will grant export and transit certificates for gold sent to countries where its importation is still subject to control only on presentation of adequate import licences. To prevent, moreover, that industrial gold imported into Switzerland should be melted into currency gold (bars) to be re-exported as such, the Swiss National Bank have the right to ask for exact details on the origin of the gold, before an export certificate is granted.

New Limits for the Quotation of the Swiss Franc.

The Bank of England having decided to allow a more elastic scope for the quotation of foreign currencies (up to 1% above and below the official rate, according to the rules of the International Monetary Fund), the limits for the Swiss francs will be slightly widened to 12,22-12.27, instead of 12.23-12.26 as before. A broader range might have proved detrimental to Swiss interests, since transactions in Swiss francs tend to keep to the lower level, which in other words would mean an unwanted revaluation of the Swiss currency in terms of sterling.

Alleviation of Export Retrictions.

On representations being made by the watch industry the Swiss authorities could see their way to easing the application of the export limitation to parts of the sterling area. On the one hand a special quota was opened for Hongkong, and on the other advance payments against the allocation available to Hongkong, the Straits Settlements and the rest of the sterling area (with the exception of the United Kingdom and India) for the first quarter of 1952 will be permitted in order that contracts entered into may be honoured.

Tourism in Switzerland in Summer 1951.

In spite of adverse weather conditions tourists were much more numerous in 1951 (June to September) than the year before. Apart from 1947, the summer of 1951 was the best ever (4.85m. nights spent by Swiss tourists, 4.5m. spent by foreign tourists). It must, however, be borne in mind that 52% only of all available beds were occupied, which shows how very much Swiss hotel accommodation is in excess of the best of demand. The United Kingdom accounted for 30%, France for 15%, Belgium for 11%, Germany for 10%, Northern America, Holland and Italy for round 7% each of the foreign visitors. British guests remain faithful to Central Switzerland and the Bernese Oberland; on an average they stay longer at the same place than other tourists, a habit which is hailed by hotel keepers since longer stays make things easier for them. Bad weather in many parts of Switzerland was a blessing in disguise for other parts like the Tessin and the shores of the lakes, which drew many visitors from the rainier mountain resorts.

Travel Allowance for German Tourists.

Talks were held in Arosa in December to provide German visitors with equitable means during the coming winter, spring and summer. The basic travel allowance for Germans is 420 DM. a year (about £35). Expenses for winter sports being as a rule higher than for summer holidays, duly substantiated requests for allocations beyond the 420 DM. limit will be granted by Germany.

Dutch Claim on Looted Gold.

The Dutch Government have approached Switzerland in the last few years about gold looted by Germany, and allegedly remitted to Switzerland. The Swiss Government pointed to the provisions of the Washington Accord, under which Switzerland paid of her own free will 250m. francs for the reconstruction of Europe, it being understood that no claims would in future be raised on account of German looting. The Dutch Government suggested in December to submit the case for arbitration. Switzerland could but refer again to the Washington Accord, and it appears that the Netherlands will now accept Switzerland's plea that she has settled the matter once and for all.

Agreements on Tariffs.

(a) *Swiss-German Agreement.*

Negotiations, begun in September, led to an agreement on December 20th. Switzerland being not a party to GATT, her interests were necessarily by-passed when Germany negotiated at Torquay on the basis of her new tariff. The agreement, which will be valid until December 31st, 1952, and automatically extended unless terminated by one of the parties, contains valuable German concessions. Switzerland's counterpart was her low tariff and the undertaking that she will get into touch with the German Government before duties are raised.

(b) *Negotiations with France.*

The new protectionist French tariff has made it necessary for Switzerland to ask for appropriate adjustments. It has been agreed in principle that negotiations will take place in the course of the year.

(c) *Higher Duty on Wine.*

The Federal Council has raised the duties on wine in casks to the highest rates permissible under international obligations. On wine under 13° Frs.26.— per 100 kg., instead of Frs.24.—, will be levied, and on wine above 13° the duties will be Frs.34.— for red wine (Frs.30.— before) and Frs.38.— (Frs.33.—) for white wine.

The surcharge of Frs.8.— per 100 kg. remains unchanged. This excise is earmarked for assisting Swiss wine producers when marketing is unsatisfactory. In this connection, it is well to remember that the bumper crop of 1951 leaves 40m. litres of Swiss white wine to be disposed of.

Trade Agreements.

(a) *With France.*

Negotiations conducted in two stages, in Paris and in Berne, led to an agreement on December 8th, valid from December 1st till 30th November, 1952. The main stress was laid on obtaining equitable quotas for traditional Swiss exports and on securing French commitments for the delivery of important commodities. Although the results achieved in the horological field still fall short of expectations, the yearly quota has been increased from 20m. to 24.5m. francs. There is further a substantial improvement for cheese (22.5m. instead of 15.4m.), and for milk powder as well (15m. instead of 10m.). France wil supply Switzerland with 480,000 tons of coal, 40,000 tons of aluminium, 40,000 tons of phosphate, 140,000 tons of iron and steel, 18,000 tons of potash, etc.

A solution was sought to stop French tourists making doubtful profits due to the discrepancy between the official rate and the free rate of the French franc. For people living near the Swiss border it is indeed tempting to buy 600 Swiss francs, as they are entitled to, at the rate of 1.20 Swiss franc to 100 French francs, cash them in Switzerland and return to France with French bank notes bought at round 1 Swiss franc for 100 French francs. On the Swiss side the exchange agencies will be limited, and France will on her part take some restrictive measures.

Yugoslavia.

Yugoslavia's trade with Switzerland has been proving very disappointing of late. In 1948 an agreement, providing *inter alia* for compensation for losses incurred through nationalisation, was based on the assumption that Switzerland would import Yugoslav goods for a yearly average of 100m. francs. The truth however, was that imports amounted to 26m. only in 1949, and 14.4m. in the drought year of 1950. The reasons for this failure are to be found in the deterioration of the Yugoslav economy resulting from the blockade by the East, in commitments entered into by Yugoslavia toward the West, and in the saturation of the Swiss market. Talks held in Belgrade had to be broken off in December since no satisfactory arangements could be reached for the future.