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THE ROLE OF SWISS FIRMS AS AIDS TO THE AXIS

It is clear that Switzerland is economically under Axis domination no matter whether the sentiments of the people be pro- or anti-Axis. Pursuant to the last trade agreement between Germany and Switzerland, all exports and imports are subject to approval by the German or Italian government. The role played by Swiss firms in the Axis war effort is not, however, fully appreciated.

The Economic Warfare unit of the Antitrust Division has a vast amount of information on the Axis connections of Swiss firms which should be of interest to various departments and agencies concerned with economic warfare. The purpose of this memorandum is to outline briefly the role played by Swiss firms and to indicate the type information which has been collected.

Swiss firms aid the Axis war effort by, (1) direct production for Axis industry; (2) performance of services for the Axis, and (3) preservation of the Axis markets and investments.

1. Production for Axis Industry

The two largest firms in the Swiss machine industry are Sulzer at Winterthur, and Escher-Wyss in Zurich; both are working predominantly for Germany, receiving in exchange the coal which Switzerland cannot get elsewhere.

Aluminium Industrie, A.G. of Nauhausen has various plants in Germany producing aluminum.

Rheinfelden, one of the most important public utilities in Switzerland, supplies South Baden with electrical power.

In the pharmaceutical field Ciba, Sandoz, and Geigy have subsidiaries in Italy and Germany and agencies in Japan. Casale Lugano and Pirelli are closely connected with Italian firms. Durand & Huguenin and Rohner were formerly owned by I.G. Chemie (Controlled by I.G. Farben). The chemical industry in Switzerland is depending upon

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export for the Axis market since production is far in excess of domestic needs. Even before the war the Swiss firms were closely tied by cartel arrangements to I. G. Farben in the dyestuffs field and to Schering in the pharmaceutical field.

2. Performance of Services for the Axis

Swiss shipping lines, particularly Neptun and Rhenus, furnish the Germans with a large number of boats which are used to transport goods to Switzerland, France, Germany, and Holland. Since the transportation problem in Germany is most critical, the furnishing of shipping service on the rivers is a direct contribution to the Axis war effort. In return for their services the Swiss are permitted to transport goods from Axis territories, principally raw materials and coal, needed by them to carry out their part in the German war effort. The ships furnished by the Swiss are used not only for transportation between Switzerland and Axis territory, but are also used for transportation from place to place within Axis territory.

The Swiss railroad system, furthermore, is an important link between Germany and Italy, especially for transportation of coal to Italy.

In the insurance field, Swiss companies have reinsurance treaties with the important Axis companies. The Swiss companies have also taken over the obligations of Axis companies under their reinsurance treaties in neutral countries. The Swiss Reinsurance Company, for example, is known to be acting on behalf of the Generali of Milan.

3. Preservation of Axis Markets and Investments

Swiss banks acting as trustees have operated since the commencement of the war to serve Axis markets in neutral countries, especially Latin America. The Swiss Bank Corporation, for instance, has acted as trustee for Schering, one of the largest German chemical concerns, and is acting as manager of "Forinvent", a Swiss corporation organized by Schering for the Latin-American market. Although "Forinvent" is blacklisted,

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nevertheless the Schering controlled companies have been aided by the intervention of the Swiss Bank Corporation. Swiss Bank Corporation was also of assistance to Atlantis, Inc., in Panama, which is now on the blacklist. In general, the Swiss Bank Corporation is closely connected with the chemical industry, especially Ciba, Sandoz, and Geigy, and is aiding them to set up manufacturing plants and sales organizations in Latin America. These firms, as heretofore mentioned, are closely connected with I. G. Farben and Schering. ~~The American subsidiaries of Ciba were established in order to increase exports to Latin America.~~

In the electrical and electric bulb industry, Swiss companies, which are tied to Axis companies through international cartel arrangements, are active in Latin America. The entire electric bulb industry was organized into a world cartel, the management of which was entrusted to the Phoenix, a Swiss corporation. The cartel was not dissolved by the outbreak of the war. The members of this cartel, which include A.E.G., Siemens & Halske, ^{Tungsham,} ~~Tungsham,~~ and Philips, together with American General Electric, established a Swiss corporation in Schaffhausen which, in turn, controls "Ultramar" in Argentina. Thus, through a Swiss intermediary, Axis companies retain an interest in the electric bulb business in Argentina, and American companies are enabled to continue, indirectly, their agreements with enemy firms. ^{and} German, American corporations also participate in a Swiss corporation known as Osa, which is a holding company in the electrical field. The Axis shareholders are now in control of Osa.

Motor Columbus, S.A., of Baden, Switzerland, is ^a ~~the~~ holding company controlling an important ^{concern} ~~company~~ in the Argentine, and important electrical firms in Peru. Motor Columbus is, in turn, controlled by Brown Boveri, a Swiss electrical corporation which has its principal assets in Axis territory. Certain Latin-American employees of Brown Boveri are active in the Falangist movement.

The Swiss banks have not only been active in preserving Axis markets but have also been used by Germans to invest money in this country and in Latin America. Since the freezing of Swiss funds in

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this country an attempt has been made by Swiss investors to transfer their cash accounts into merchandise as a hedge against inflation.

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