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COMMERCIAL NEWS

Increase of Swiss import.

War in Korea has been followed all over the world by a sharp demand upon raw materials and equipment goods. Prices of various commodities, rubber, tin and wool specially, are soaring to unprecedented heights, and governments are consulting about measures to fight against the threatening inflation.

Switzerland is no exception to the general trend. Our imports totalled Swiss francs 286m. in September 1949, Swiss francs 421m. in August and 453m. in September 1950. In weight the corresponding figures are : 616,690, 947,900 and 875,150 metric tons. The latter two reflect the raise of prices in August-September, as smaller quantities had to be bought for more money. Exports in the same three months were Swiss francs 311, 300 and 380m.

Paradoxically enough Switzerland must aim at having an unfavourable balance of trade because of our considerable surplus in "invisible income." This is to account for our being more alarmed at the favourable balance of September 1949, showing a surplus of Swiss francs 25m., than at the deficit of August-September 1950. Moreover, above data are somehow misleading as an increase of imports, payable at short notice, is not balanced for months by exports which have to be manufactured before being sold.

In September, 1950, the United Kingdom was our fourth supplier, after the U.S.A., Germany and France, and our seventh customer only. The surplus of Swiss imports from the United Kingdom and the rest of the Sterling Area has been such as to reduce the Sterling debt to naught within a surprisingly short time.

Here are the relevant figures for the most important countries of the Sterling Area :

1st January to 31st August, 1950
(in million Sw.Francis).

	<i>Swiss Imports</i>	<i>Swiss Exports</i>	<i>Balance</i>
United Kingdom	229.2	83.8	-145.4
Union of South Africa	53.2	5.2	- 48
Australia	24.7	13.9	- 10.8
British West Africa	9.8	0.4	- 9.4
India	14.1	39.9	+ 25.8
Sterling Area	359.7	164.5	-195.2

Issue of a Congo Loan on the Swiss Market.

The Belgian Colonial Minister has signed an agreement with Swiss bankers for the issue in Switzerland of a loan of 60m. Swiss francs for the Belgian Congo.

This loan, authority for which was recently obtained in Belgium, will provide part of the finance needed for the Congo 10-year plan.

It was under discussion some months ago but arrangements were delayed in view of discussions then in progress for a similar loan to the Belgian Government.

Money and Capital Market.

In the months of July and August, the monetary reserves of the Swiss National Bank — probably because of the expansion of the import surplus of the

Swiss balance of trade — diminished slightly. The gold stock of the Swiss National Bank decreased from June 30th till August 31st by Fr.107.2 millions to Fr.6,144.5 millions. On the other hand, the holdings of foreign exchange increased by Fr. 68.5 millions to Fr.350.8 millions, so that during July and August the monetary reserves of the note-issuing bank underwent a total reduction of only Fr. 38.7 millions. During the same period, the gold stock of the Confederation increased by Fr. 10 millions to Fr. 505.2 millions by the acceptance of gold from the Swiss National Bank under the sterilisation action designed to relieve the Swiss National Bank of part of its excessive gold reserves.

The note circulation in July and August showed great stability, amounting to Fr. 4,289.4 millions on August 31st, 1950, or only Fr. 7.2 millions more than two months previously. The "engagements at sight" decreased by Fr. 15.7 millions to Fr. 2,186.8 millions between the end of June and the end of August.

Applications from the general economy for note-bank credit during the period under review remained inconsiderable despite the revival of business in general.

Stock Exchange.

In July and August the Swiss stock exchanges were strongly influenced by world political events. Every increase in international tension tended to cause setbacks on the stock exchange even though the economic perspectives in general could be described as good or even as improved.

Particularly on the stock market, price fluctuations were considerable. Shortly before the outbreak of war in Korea the share index reached a peak of 256. By mid-July, however, the index sank to 234 but recovered again to 243 by the end of July and, at mid-September, stood at 260. On most Swiss stock exchanges the turnover was greater than last year. In the last few weeks, however, the general stock exchange atmosphere has been calm.

On the bond market, the fluctuations were considerably smaller. Nevertheless, the index computed from the prices of 12 loans to the Confederation and of the Swiss Federal Railways declined from 108.30 before the war in Korea began to 105.42 on July 13th, but recovered again to 107.10 towards the end of July and has since then remained at this level with only slight fluctuations. The average yield of these securities which was 2.28% before the war in Korea began, rose for a time to 2.58% (July 13th) and has declined again to about 2.41%.

Tourist Business.

In the course of the second quarter of 1950, the downward trend in the Swiss tourist business sharpened, although the number of arrivals in Switzerland slightly increased. The noticeable revival of short-term tourist travel was offset by a substantial diminution of the real holiday and recuperation traffic. Whereas the number of night registrations at hotels and pensions was 11% less in May, 1950, than in that month last year, the decrease in June was as much as 14%.

The decrease in frequency in June, 1950 was due chiefly to the decline in the number of foreign guests. The number of night registrations of foreign guests decreased by 20% by comparison with the year before while that of inland guests decreased by 9%.

The decline in the number of foreign guests is due mainly to a diminution of the number of tourists from Great Britain which, in June this year, was only half that of June 1947 and only 56% of that in June 1948. On the other hand, tourists from Germany, U.S.A., France and Italy increased by comparison with the year before.

In general, hotels in cities and towns were much better frequented than those in spas and holiday resorts.

Besides the absolute decrease in the number of night registrations, the increasing tendency to shorten the duration of stay has very unfavourable effects for the hotel business.

Swiss Conversion Loan Offer.

The Swiss Federal Council has decided to offer holders of the Frs. 200m. Three and a-Quarter per Cent. Loan of November, 1944, which matures on November 15th next, conversion into a new 12 year Two and Three-quarter per Cent. Loan.

The conversion price is 101 per cent. plus 0.60 per cent. Federal stamp duty. There will be no cash subscriptions.

Cost of living by the end of September.

A slight rise of 0.4% (August 1939=100, 30th Sept., 1950=160) has been due to the seasonal upward trend in the price of eggs and the increase of prices

for meat, coffee, coal and crude oil for heating purposes. On the other hand, owing to very good crops, prices for vegetables and fruit have receded.

The index of wholesale prices climbed by 1.9% to 208.5 (August 1939=100) and further rises must be expected.

Basle Fair.

The Swiss Industries Fair in Basle, the 35th of its kind, will take place from April 7th, 1951, to April 17th, 1951. Bookings for exhibition space exceed already last year's orders by 5,700 square meters, a good omen for a successful display.

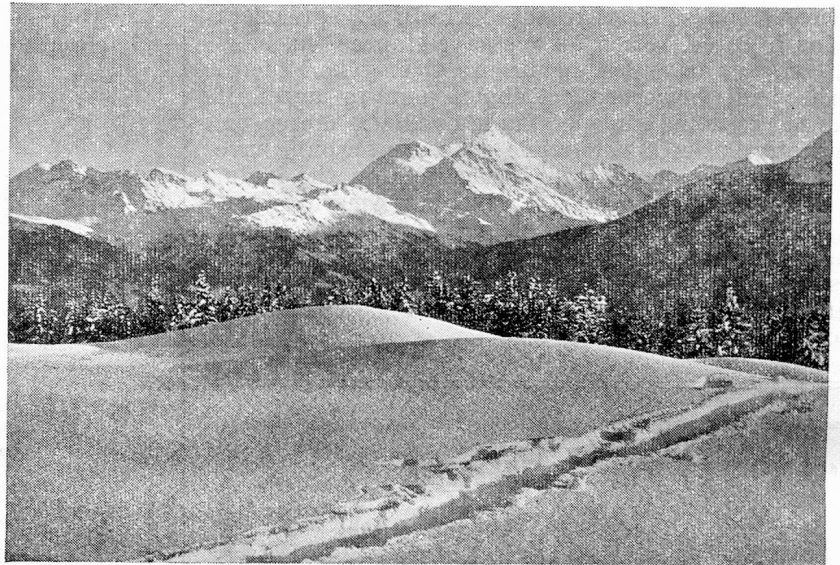
Switzerland and the European Payment Union.

The commission of the Swiss National Council has examined the Federal Council's explanatory note about our acceding to the Union. With 18 votes in favour against 1 (Communist), and a few abstentions, the commission approved of the Federal Council's proposal to join the Union. The Parliament, convened in extraordinary session will debate and discuss on that important issue between October 24th and 26th, 1950.

International Tariff Conference, Torquay.

An international conference of the countries participating in GATT (General Agreement on Tariffs and Trade) was opened in Torquay on 28th September, 1950. Switzerland is not a member of GATT in view of certain provisions in the agreement which would allow a discrimination against our country in certain circumstances. The Swiss policy has always been to fight against discriminations of all kinds. So far, the discussion in Torquay has centred round Tariff reduc-

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tions among member countries. The talks are expected to last 4 to 6 months. On 2nd November, a general meeting of the GATT countries will take place, at which problems ranging over a wide field will be discussed. Switzerland has decided to be officially represented by an observer at this general meeting.

British-Swiss Negotiations.

It is expected that the Swiss Parliament will ratify the Swiss participation in the European Payments Union in its special session at the end of October. British-Swiss talks have now already been arranged in order to adapt the existing British-Swiss Monetary Agreement to the new situation. These talks will take place in Berne in the first half of November, when all aspects and side questions of the Swiss entry into the European Payments Union will be examined in connection with their effects. The talks will cover a wide range of problems — financial as well as trade and touristic items. The Swiss Colony in Great Britain will be informed of the decisions made during these talks.

Swiss-U.S. Trade Agreement.

The trade agreement still in force between our country and the United States was concluded on the 9th January, 1936. Notice was given by the American Government on 10th August, 1950, for the termination of this agreement unless the Swiss Government be prepared to accept, before the 15th October, 1950, the inclusion of the so-called "escape clause" in the agreement. The meaning of this "escape clause" is that it is open to each partner to withdraw unilaterally, but without thereby terminating the agreement, tariff concessions, the maintenance of which would, in his view, cause harm to any branch of his economy. The Swiss Government has now acceded to the American request so that the Swiss-U.S. agreement remains in force. Such an "escape clause" is, however, contrary to our economic practice. The Federal Council had, however, no choice but to agree if it wanted to avoid an open trade conflict. Moreover, the negotiation of a new trade agreement would have been made dependent by the Americans on the inclusion of the "escape clause", since an American law (the Reciprocal Trade Agreement Act) stipulates that no new agreements can be concluded without this clause. The Swiss authorities hope that the Americans will not find it necessary to make practical use of the "escape clause".

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A SCHOOL-GIRL'S CHOICE.

Bernice, aged 14, one of my little friends living around my homestead, has recently returned from the Continent. It was a school educational tour of Belgium, France, Italy and Switzerland. During our conversation she described each place of outlook, beauty and food. Very carefully Bernice related what she had seen during her visit to each country. But the most outstanding place of her choice was Switzerland. "The lakes and mountains are wonderful, and there is *so much* to see", Bernice said. I asked her what she liked best of the food. "Oh, Swiss butter! I have never tasted anything like it in all my life."

Her blue eyes opened wider and her mouth appeared to taste the Swiss butter again, as she told me. Needless to say I am very happy that Bernice has been able to see with naked eye — Exquisite Switzerland.
Mary Brandwood.

"GUIDE TO THE SWISS COLONY."

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The second edition is in preparation. Everyone is cordially invited to help making an even bigger success of it than the first edition achieved. Please communicate names and addresses of firms "*mainly or largely Swiss owned or Swiss managed or otherwise particularly associated with the Colony,*" for inclusion in the new Guide, to:—

Miss A. Gretener,
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49, Putney Hill, S.W.15.

Please let us also have any corrections and suggestions for improvements by the middle of November. It is our hope to make the Guide more and more complete and useful with every new edition.

Dr. E.

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