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GENERAL**1943**ALLIED ADMINISTRATIVE
AFFAIRS.

W 4708

24 MAR 1943

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Bell S/8

Next Paper.

(W5416)

W4731

Axis attempts to secure Dutch and Norwegian bank balances in Spain.

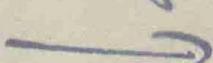
Transmits copy of letter from Financial Secretariat of Madrid Embassy to Ministry of Economic Warfare of 8th March stating that nothing is known of Axis attempts to secure pesetas by realising credits held by Spanish banks in favour of Swedish banks, but giving details of similar attempts made in connexion with Dutch and Norwegian credits.

(Minutes.)

This has crossed our despatch of March 13 Madrid (W4125)

I have a feeling that we are fairly safe in respect of balances held by British banks, but the position is much more difficult in regard to balances held by Spanish banks. Should have thought it was well worth while for the Allied Com. concerned (Netherlands etc.) to take action in Spain even at the risk of compromising their diplomatic position in Madrid. After all what is "position" without "magnitude" (or influence)? [Axis have gone to May TWED & Ty.]

There are, however, good political reasons for just keeping the Allied R.R. at Madrid, showing gall in front tho' they may be!



Central Dent

LABORATORY

M. & Dean PD

30. III. 43.

EMER RAN PS

JGW

26/II

If one represents an invaded
and temporarily submerged country,
one has to watch one's step very
carefully. As things are Sir S. Hoare
needs his allied colleagues of
considerable help in fighting Axis
influence in Spain and we should
not wish them to take any action
which might lead to their being
turned out.

MSB
26/2

JGW 5/2

KSW/JH
Fin.263
9/4/20

COPY

NEW file no. 17209/4
Copy for Mr. Ward. 5.0.18.3. *Baker*

BRITISH EMBASSY, *Laries also*
MADRID. *sent W/Ger*
8th March 1943. *W. 47 Gregory RED.*

Dear Enemy Transactions Department,

Your letter of the 18th January *24 MAR 1943* about the alleged attempts of the Axis to secure pesetas by realising credits held by Spanish banks in favour of Swedish banks.

We have been unable to obtain any information as regards Swedish credits but we know that similar attempts have been made in connection with both Dutch and Norwegian credits. Details are set out on the attached note.

We have taken the matter up with the competent Spanish authority, viz., the Instituto Espanol de Moneda Extranjera, and have drawn their attention to the Inter-Allied Declaration, which was communicated to the Spanish Government on the 5th January.

The Instituto de Moneda do not intervene in the matter to secure compliance with requests received by Spanish correspondents of banks in occupied countries for funds to be handed over to German banks in Spain. The attitude of the Instituto de Moneda is that it is merely a question between the banks concerned. For example, if a Spanish bank receives instructions from a correspondent in, say, Norway, signed by the usual signatories, and the Spanish bank choose to act upon these instructions, they would have to apply to the Instituto for permission to make the transfer to the German bank in Spain. In such circumstances, the Instituto would give its permission; but if the Spanish bank declined to act upon the instructions, the Instituto de Moneda would not come into the picture at all. If the German bank wished to bring pressure on the Spanish bank concerned, it could presumably take the matter to law in an effort to secure compliance with the instructions from the bank in occupied territory.

The only cases of which we have details are those set out in the enclosed note but from enquiries made of the Comite Central de Banca, we gather that attempts to secure pesetas in this way are not on a big scale. The Comite Central de Banca is the representative body of Spanish banking interests and they have agreed to consider/

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consider whether there is anything they can do, unofficially to circumvent these German moves. We will let you know what comes of this.

With regard to the cases cited on the attached note, the Anglo-South American Bank have declined to act, alleging a technical flaw in the instructions and they are prepared to pursue other delaying tactics of this kind. The Anglo-South American Bank here is, in effect, a branch of the London Head Office. They have therefore asked their Head Office to send them written instructions to hold the particular credits blocked. If the Banco Aleman take legal action, the Anglo-South American Bank would plead that they had no alternative but to proceed as directed by their Head Office and that any action on the score of non-compliance would be one which would have to be taken up with the London Office. Spanish banks and Spanish nationals could not, of course, take evasive action of this kind and it would be difficult for a Spanish bank to refuse to act upon instructions, duly authenticated as to signature, from their correspondents in occupied countries. It is clear, however, that individual Spanish traders are disinclined to further the German scheme (see 3 and 4 of the note). The Instituto de Moneda, for their part, have no wish to assist the Germans to obtain pesetas in this way and we know that they have taken no steps to persuade banks to execute German instructions of this kind.

Yours ever,

FINANCIAL SECRETARIAT.

Enemy Transactions Dept.,
Ministry of Economic Warfare.

PESETA SUMS STANDING TO THE CREDIT OF DUTCH
AND NORWEGIAN FIRMS.

1. . Anglo-South American Bank, Barcelona, received through the Banco Aleman, instructions purporting to have come from Banks in Holland, to hand over amounts or balances, including provisional payments in connection with Bank credits, in their possession to the Banco Aleman Transatlantico. The Instituto Espanol de Moneda Extranjera who were consulted unofficially in the matter said that they would not intervene.
2. The Anglo-South American Bank, Vigo, have since 1937 held funds amounting to Ptas.174,915.75 in an account in the name of Norsk Hydro-Elektrisk Kivalstofakieselskab of Oslo. Recently they received a request from Norsk Hydro, through Unicolon Barcelona, to transfer the money to Banco Aleman Transatlantico of Seville. The Vigo branch of the Anglo-South American Bank were advised to try and find a technical flaw in the application. The request has been ignored.
3. Attempted collection by the Banco Aleman Transatlantico of a bill due for goods supplied by a Dutch firm in 1936. Particulars of this transaction are given in despatch No.M.E.W.30 dated 20th January, 1943, from H.M.Consulate General, Barcelona, to Iberian Section.
4. Attempt by Banco Aleman Transatlantico to obtain 500,000 pesetas belonging to N.V.Katoen. Details are given in despatch No.M.E.W.83 dated the 18th February from H.M.Consulate General, Barcelona, to Iberian Section.

8th March, 1943.

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