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AMERICAN CONSULATE GENERAL

Berlin, Germany, March 21, 1934.

MEMORANDUM OF CONVERSATION WITH STAATSEKRETAER
DR. POSSE IN THE MINISTRY OF COMMERCE
(REICHSWIRTSCHAFTSMINISTERIUM).

In a letter to the Consulate General at Berlin dated March 8, 1934, Mr. Ray Smith, the managing director of the Deutsche Sinclair Petroleum G.m.b.H. with head offices at Cologne, which is an American-owned German company organized in Germany in 1929 for the distribution of oil products, stated that the entire investment of the company in Germany of some 8 million marks was being definitely prejudiced through the action of the German Government. Just at the time that the company was organized, a cartel was formed for all the industry, into which the Sinclair company was practically forced to enter, and its quota was set for 1.5%. Although this cartel is still legally effective, the German Government as a part of its general program is now planning to control the distribution of oil, and Dr. Fischer of the I.G. Farben has been commissioned by the Government to hold conversations with the oil companies in Germany preliminary to the making of a new agreement which is to replace the cartel. Mr. Smith states that their quota is to be arbitrarily reduced from 1.5% to 0.5%, and that on this basis the company cannot continue its business and its entire investment in Germany will be destroyed. As the new arrangement and quotas are to be put into effect through what is equivalent to direct Government intervention and control, Mr. Smith appealed to the Consulate General to present their case to the German Government.

In a letter dated March 15 the circumstances were set forth in more detail than in the foregoing, to the Reichswirtschaftsministerium, and there was transmitted with the letter a copy of Mr. Smith's letter of March 8 hereto appended.

I tried to see Staatssekretaer Dr. Posse in order to discuss the matter personally with him and bring to his attention the desirability of avoiding arbitrary action, but was not able to see him until to-day at 4 p.m.

I conveyed to Dr. Posse the foregoing and asked him to be good enough to give the matter attention at once in view of the approaching decision of the Government which will probably be reached in a few days, and he agreed that he would occupy himself with the matter still this afternoon.

In this connection I pointed out to Dr. Posse that this case was only one of the considerable number where

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there was evidence that through direct or indirect action of the German Government, or through the uncontrolled activities of private persons and firms American activities entered into in good faith in Germany were being discriminated against, and productive activity reduced and in some cases capital investment practically wiped out.

Mr. Smith will call at the Consulate General in the near future to give information as to the results of the meetings of the industry with Dr. Fischer, the Government-Kommissar.



George S. Messersmith,
American Consul General.