

million mt a year. Savings in terms of labour were therefore not limited to the steel industry, they also affected the number of workers needed in the mining of coal and domestic iron ore. The importance of Swedish iron ore in terms of its quality further extended to the low phosphorous content of a substantial proportion of the supplies exported to Germany. These supplies increased during the war<sup>119</sup> and were deemed of crucial importance (*nicht ersetzbar*) to the production of high-grade steel. All in all, a loss of supplies from Sweden would have drastically added to the pressures the German war economy was increasingly faced with after 1941.

As could be expected, the Allies attempted to curtail Swedish supplies to Germany, partly through military means (for instance, through Russian submarine attacks against the ore shipments in the Baltic Sea), but largely through diplomatic and economic pressure. Until late 1942, Sweden was fortunate in that the British government accepted the importance of safeguarding the country's neutrality. Only modest pressure was used to force the Swedish government to take more far-reaching steps. When, in 1943, the US administration took a growing and hostile interest in Sweden's trade with Germany, the pressure on the Swedish authorities rapidly mounted. As in the case of other countries, the United States used Sweden's dependence on oil imports to seriously challenge the relations between the latter and the Third Reich.<sup>120</sup>

In Sweden's case, the foremost targets of the Roosevelt administration were supplies of iron ore as well as ball bearings. In November 1942, Secretary of State Cordell Hull emphasised 'that the traffic of iron-ore is the most important single contribution, in terms of raw material, made to Germany by any nation outside its pre-war borders'.<sup>121</sup> Hull's early, pronounced criticism set the tone for the subsequent attitude of the Allies towards Sweden. In simple terms, it was argued that, 'if Sweden dare not take part in the fight for democracy, she shall at least reduce the aid she furnishes to its enemies'.<sup>122</sup> For the Americans, it was, in fact, not simply a matter of reduction. The US government 'not only wanted Sweden to scale down its relationship with Germany, it wanted it completely ended – and quickly'.<sup>123</sup> During 1943 and 1944, the Allies made a concerted attempt to force the Swedish government into reducing the export of vital materials, most notably iron ore and ball bearings,<sup>124</sup> to the Third Reich.

On 10 May 1943, a Swedish delegation headed by Gunnar Hägglöf, the chief of the trade department of the Swedish Foreign Ministry, commenced a new round of trade negotiations in London. During the course of the talks, which lasted until 19 June, the British government demanded an end to all transit traffic by 1 October at the latest and a

reduction in Swedish exports to German-occupied Europe in 1943 by SEK 130 million compared with 1942. For 1944, supplies of iron ore to Germany were to be cut to 7.5 million mt and supplies of ball bearings to SEK 30 million, respectively. In exchange for implementing these changes, the Allies offered an increase in Sweden's oil quota.

As shown above, the transit traffic was radically curtailed soon after. In addition, an agreement between Sweden and the Allies on the basis of the demands made in London was finally put into effect on 23 September 1943.<sup>125</sup> The agreement notwithstanding, the Third Reich continued to enjoy the benefits of discreet Swedish commercial compliance. With regard to ball bearings, a particular bone of contention for the US government,<sup>126</sup> the Swedish government tried to make out that the trade with Germany was not of major importance. Confronted about the export of ball bearings, the sole Swedish producer, Svenska Kullagerfabriken (SKF), told the British Foreign Office that they were not vital to the German armaments industry, making up at the most 8 per cent of the total production capacity of Axis Europe. SKF, in fact, held out until 12 October 1944 before it 'yielded to *force majeure* and ceased exporting ball-bearings to Germany'.<sup>127</sup>

Fears about Nazi economic or even military reprisals certainly influenced the Swedish government against satisfying Allied demands. Yet as Martin Fritz has acutely argued, ultimately 'Sweden had a fundamental economic interest in maintaining its commercial intercourse with Germany at the highest possible level. ... [In the case of ball bearings b]oth government and company [SKF] had a common interest in keeping relations with Germany as undisturbed as possible.'<sup>128</sup> This meant that, in

Table 3.10 *Swedish ball bearing exports to Germany, 1937-1943*

Year	Million SEK	% of total exports
1937	4.0	9.1
1938	6.9	13.3
1939	8.3	16.2
1940	14.7	26.1
1941	25.2	40.3
1942	34.2	52.0
1943	47.5	64.9

Source: Fritz, 'Swedish Ball-bearings', table 2, 17.