

# Standard Forced To Cut Off Axis Oil, Berle Says

## Testifies Sale Halted When Subsidiary in Brazil Was Blacklisted

By the Associated Press.

Assistant Secretary of State Berle testified before the Senate Defense Investigating Committee today that Standard Oil Co. (New Jersey) refused to stop selling aviation gasoline to German and Italian airlines in South America until its Brazilian subsidiary was placed on the "blacklist."

Mr. Berle said "in fairness to Standard Oil" that the company had co-operated wholeheartedly with the State Department since then.

Senator Mead, Democrat, of New York, declared it was "regrettable" that the department "had to use so much force" to bring about co-operation. He said Mr. Berle's testimony did not bear out the sentiment expressed by Standard Oil officials who have appeared before the committee.

The "blacklist" is a listing of business firms prepared by the State Department with which trading by United States firms is forbidden on grounds those blacklisted have had dealings with enemy powers.

### Commerce Official Testifies.

Earlier a Commerce Department official testified that the oil company had provided the fuel supply for a German-Italian airline which served as a means of delivering Axis propaganda and spies to this hemisphere and returning valuable commodities to Axis countries.

William La Varre, chief of the American Republics Office for the Commerce Department, told the committee that the airline, which he referred to as "Lati," was established under German auspices in the fall of 1939 to operate between Rome, Africa, Brazil and Argentina.

It was established, he said, because of German dissatisfaction with Axis propaganda progress in Latin America and was to furnish a means for sending both men and materials through the British blockade. Propaganda and propaganda agents, he said, were thus enabled to reach not only all Latin American countries, but the United States as well.

### List Submitted.

Mr. La Varre submitted a list of German and Italian representatives who had traveled to and from South America on the airline, terming it "the most notorious record of enemies that ever traveled on any line."

Chairman Truman said before the committee meeting the inquiry into the Italian air line grew out of records of the oil company which Thurman Arnold, anti-trust chief, turned over to the committee last week.

Company Executive Committee minutes said Standard had been advised Secretary of State Hull would refuse an export license for shipment of aviation gasoline from the United States to Brazil for use of the line but that "since the shipments emanated from outside the United States, Mr. Hull said he could only express the hope that it would not be necessary for such shipments to originate from any other place in the Western Hemisphere."

### Regular Customer.

"While there is no contract covering this business," the minutes said, "the customer has been a regular customer. In view of the complications surrounding this matter, committee was of the opinion that the quotation should be given f.o.b. Aruba \* \* \*"

Aruba is the oil refining city off the northern coast of Venezuela. It is a Dutch colony.

W. S. Farish, Standard president, testified that "no delivery was made except in conformity with the policy of the department" and that deliveries to the airline were discussed with the State Department and with the American Embassy at Rio de Janeiro.

The consent decree that broke up the 13-year alliance of Standard and the I. G. Farbenindustrie, German dye trust, definitely ended their relationship, despite the fact that there was a provision for renegotiation in the event it was involuntarily terminated, Standard officials said yesterday.

The question was raised by Senator O'Mahoney, Democrat, of Wyoming, who wanted to know if the company felt bound by the agreement "to make any adjustments after the war."

### Farish Confirms View.

"No, sir," said Frank A. Howard, vice president, to whom the question was directed. Mr. Farish agreed.

Senator O'Mahoney said he felt that "we are all of one mind that we are more concerned with the future than with anything that has happened in the past."

Earlier the officials acknowledged that the company sought in 1939-40 to prevent individual companies from undertaking development of Standard's synthetic rubber for use in tires, but said this policy was adopted in the belief that large-scale development could be achieved only by co-operative action of the major rubber companies.

Denying that the objective of the company's policy was to maintain a monopoly control over synthetic rubber processes acquired from Farben, the officials asserted that they had taken the lead in attempting to develop synthetic rubber in the United States and had followed a policy recommended by the Army and Navy Munitions Board.