

The Azores and Espionage During World War II: The Risk to Portuguese Neutrality¹

This article discusses changes in the role of the Azores as a consequence of geopolitics and espionage during World War II. Occupying an exceptionally strategic position, the islands were crucial during the war for refuelling planes, boats, and submarines, as well as for telegraphic and wireless communication. The occupation of the islands held strategic significance for the Germans, as they could have served as a crucial base to launch attacks on the USA. Conversely, for the British and Americans, the islands were the perfect location to attack the German submarines that were seriously damaging British shipping. Desired by both the Axis and the Allies, the ambitious plans for the occupation of the Azores by both sides of the war were thwarted by the Portuguese government. For Portuguese Prime Minister, António de Oliveira Salazar, the political neutrality declared in 1939 was non-negotiable. If Portugal maintained its neutrality, Spain could also remain outside the war. Like a chess game, every move was made with careful thinking, and the spies were invaluable assets that could lead to the occupation of the islands and, ultimately, the end of Portuguese neutrality.

by Marisa Filipe²

The Azores' geographic position

The nine Azorean islands are in an exceptional location in the Atlantic Ocean, and have deep water ports and the advantage of favourable winds and ocean currents for vessels. They are at the crossroads of the Atlantic, serving as a point where various maritime routes intersect. During World War II, this strategic position was crucial for the vessels travelling to and from America, as well as for refuelling planes and boats engaged in the conflict. The Germans, British, and Americans were eager to use the islands, but the Portuguese regime was very protective of both the islands' use and its rights in this regard.³

For Salazar, maintaining neutrality during World War II served not only to maintain diplomatic status but also to capitalise on Portugal's importance for both opposing blocs. During this period, the country engaged in significant trade, selling material and mineral resources, especially wolfram (tungsten), to both sides.⁴ While, the authoritarian Portuguese state shared some similarities and corporative principles with those of Mussolini and Hitler, Portugal had a longstanding alliance with Britain, dating back to the Windsor Treaty of 1383. Given these factors, Portugal's foreign policy was orientated towards maintaining neutrality at all costs, as well as influencing Spain to stay out of the war.⁵

However, the Azores Islands held immense strategic value for both the Axis and the Allies. If the Germans gained control of the Azores, they would establish bases for submarines, warships, and aircraft, gaining a foothold from which to attack Allied shipping. Also, Hitler had plans to occupy the islands and use them as a protective shield and as a base for potential strikes on the USA. On

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³ Littleton, S. D. "The strategic significance of the Azores" (Master's thesis, Air War College, 2022), <https://apps.dtic.mil/sti/pdfs/AD1189478.pdf>

⁴ Von Peter, F. "British policy towards Portugal in the Second World War" (Doctoral thesis, Historical Digital Theses, University of Cambridge, 1996), <https://doi.org/10.17863/CAM.19602>

⁵ Packard, J. M. "The European neutrals in World War II" (Master's thesis, Portland State University, 1989), https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=4991&context=open_access_etds

2 June 1940, both Hitler and Herman Goering, the president of the Reichstag and head of the Gestapo, expressed interest in occupying the Azores. However, Admiral Raeder and the Luftwaffe were convinced that a significant lack of naval power posed a major obstacle to achieving this.⁶ Still, Hitler insisted on examining the occupation of the Azores and he even considered sending a message to Salazar explaining the occupation as a preventive measure against the Allies.⁷ For the Allies, a potential German occupation of the islands would have posed a serious threat to British shipping and communications. Salazar, in turn, was apprehensive about the lack of British capacity to protect the islands.

The Axis armistice with France, in the spring of 1940, reshaped the dynamics on the war chessboard and increased the strategic importance of Spain and Portugal.⁸ If Spain, a non-belligerent but fascist state that supported the Nazi regime, decided to join the Axis side, there was a potential threat that Portugal and the Azores could be immediately occupied. Britain wanted to carry out a preventive occupation of the islands to avoid a German takeover. However, such a move carried its own set of challenges, as it could turn Portuguese and Spanish opinion towards the Axis. Unless there were clear signs that Spain would enter the war or that Portugal was willing to collaborate with the Axis, the potential risks associated with an occupation were deemed too high. The British Cabinet feared that the seizure of the islands might provoke an attack from Spain, and this, coupled with limitations on the possibility of immediate British assistance, could place Portugal in a precarious situation. Winston Churchill, despite his pro-occupation stance, decided to follow the recommendations of the Cabinet.⁹

Despite the United States not being directly involved in the war in 1940, President Roosevelt was resolved to secure the Azores and prevent a potential German occupation. By 1941, U.S. military leaders had completed a detailed plan for this, called *Operation Alacrity*, which never came to be implemented. This would have involved the deployment of 25,000 troops.¹⁰ However, the British, prioritising Portuguese neutrality, decided to wait for a formal invitation from the Portuguese government that would allow both the British and Americans to use naval bases in the Azores. The USA had the option to immediately occupy the islands but, instead, chose the diplomatic approach. In late 1940, the Allies revisited the idea of occupying the Azores. The British, particularly concerned about Gibraltar, directed Sir Clive Liddell, commander of the British squadron in Gibraltar, to monitor the situation in the Atlantic islands.¹¹

The constant risk of German occupation loomed over the Azores, as Hitler maintained the belief that if Spain joined the Axis or was occupied, the Allies would immediately seize the Azores with or without consent from the Portuguese government. Hitler declared that “*The Azores would afford him the only facility for attacking America, if she should enter the war, with a modern plane of the Messerschmidt type*”.¹² Hitler was right, but Spain’s commitment to a non-belligerent

⁶ Gerhard Wagner, ed., *Lagevorträge des Oberbefehlshabers der Kriegsmarine vor Hitler, 1939–1945* (Munich, 1972), 146–8; Rhan and Schreiber, *Kriegstagebuch der Seekriegsleitung*, XIV, 166

⁷ Schramm, *Kriegstagebuch des Oberkommando*, 151; Wagner, *Lagevorträge*, 148–51.

⁸ Wylie, N. “Life in Plato’s Cave: Neutral Europe in World War II. A Companion to World War II,” in *A companion to World War II*, ed Zeiler T.W, DuBois D.M, (Blackwell Publishing Ltd, 2012), pp. 603–617, <https://doi.org/10.1002/9781118325018.ch35>

⁹ Woodward, E. L., *British foreign policy in the Second World War*, Vol. 1. (HM Stationery Office, 1970).

¹⁰ Littleton, S. D, *The strategic significance of the Azores* (Master’s thesis, Air War College, 2022), <https://apps.dtic.mil/sti/pdfs/AD1189478.pdf>

¹¹ Lintott, B., *The Mediterranean Double-Cross System, 1941–1945*. (Routledge, 2018).

¹² “Fuehrer Conferences”, II, 1940. WEISS, Kenneth G, *The Azores in Diplomacy and Strategy, 1940-1945*. (Institute of Naval Studies, Center for Naval Analyses, 1980).

stance prevented both the Allies and the Axis from occupying the Azores, although both sides maintained continuous surveillance. A British cruiser patrolled the islands' surroundings, and the Germans were always vigilant.¹³ The negotiations continued and, in 1941, the British suggested to Salazar that, in the event of Axis occupation of the Portuguese mainland, the Portuguese government should move to Terceira Island in the Azores. Salazar accepted this suggestion and started to reinforce the islands, but he limited his actions to this defensive measure.¹⁴ Salazar declined any British assistance or aid unless there were clear signs indicating that Spain or the Axis might occupy the Portuguese mainland. At that time, the top priority for the Germans was the war with the Soviets, and they considered creating a front on the Iberian Peninsula unnecessary unless the British took such an initiative. As for the Americans, they ultimately trusted their British allies and their diplomatic strategy.¹⁵

By 1943, the dynamics of the war had changed, and the focus turned from concerns about a German invasion to the strategic use of the islands for Allied purposes. As the war evolved and the occupation of Iberia ceased to be a primary concern, the Allies started to look at the islands as a vital stronghold from which they could prosecute the war. In 1943, the Azores became crucial as the German attacks on Atlantic trade routes and shipping had increased immensely since 1941. In 1942, German submarines had sunk 4,300,000 tons of shipping and, by 1943, this had risen to approximately 7,800,000 tons. To protect shipping and lives, the Allies needed a safe route that minimised the impact of adverse weather conditions, such as those found on the northern Atlantic route. The central location of the Azores was also very beneficial for air protection and anti-submarine campaigns in both the Mediterranean and North Atlantic. Therefore, the occupation of the Azores was now deemed crucial, with or without Salazar's approval.¹⁶ Churchill and Roosevelt found it imperative to secure facilities on the islands.

In the Trident conference held in May 1943, Churchill and Roosevelt agreed on the necessity of occupying the islands, although this decision sparked controversy. They were under the impression that the Portuguese government would never consent to a naval occupation of the Azores, because that would change its political neutrality, so dear to Salazar. Churchill had sought Cabinet approval for the occupation of the islands, but the Cabinet did not agree with his proposal. Foreign Minister Anthony Eden and Deputy Prime Minister Clement Atlee argued against the proposed naval occupation, asserting that such an approach would have been disrespectful to Britain's oldest ally and that a diplomatic negotiation should be considered. Eden told Churchill that "*the Americans did not understand that modern Portugal was not a country from which they could get everything by threats or bribes*".¹⁷

The Axis was also very concerned about the Azores and, on 1 May 1943, a secret telegram sent from Madrid by Hans-Heinrich Dieckhoff, the German Ambassador in Spain, to the Minister of Foreign Affairs in Berlin, reported that during the presentation of his credentials to Franco, the caudillo of Spain, the concerns about the Azores were brought out. Franco stated that he "*feels*

¹³ Littleton, *op cit.*

¹⁴ Von Peter, F. *British policy towards Portugal in the Second World War* (Doctoral thesis, Historical Digital Theses, University of Cambridge, 1996), <https://doi.org/10.17863/CAM.19602>

¹⁵ Leite, Joaquim da Costa., *Neutrality by agreement: Portugal and the British Alliance in World War II*, *American University International Law Review* 14, n 1, (1988):185-199, <https://digitalcommons.wcl.american.edu/auilr/vol14/iss1/11/>

¹⁶ Wheeler, Douglas. L., *The price of neutrality: Portugal and the wolfram question, and World War II*, *Luso Brazilian Review*, 23, (1986):107-127, <https://www.jstor.org/stable/3513391>

¹⁷ Woodward, E. L. *op cit.* p. 198

that Portugal is in no immediate danger, he expressed misgivings only about the safety of Azores islands and did not consider it an impossibility, after some time, for Americans to strike there, a blow against which Portugal would, in so far as possible, protect herself".¹⁸

The British Ambassador in Lisbon, Ronald Campbell, had compelling reasons to believe that, through a diplomatic approach, Salazar might be willing to permit the Allies to establish naval bases in the Azores. Contrary to Churchill's opinion, proactive measures were implemented to achieve that objective. On 18 June, Eden communicated with the Portuguese ambassador in London, António Monteiro, while Ronald Campbell raised the subject with Salazar in Lisbon. Salazar recognized that the islands would be occupied and understood that the tides of war were turning in favour of the Allies. Transitioning from a policy of geometrical neutrality to one of benevolent neutrality, Salazar also established the basis for the post-war period. He recognized that the preservation of the Portuguese empire, with its colonies, would depend on the alignment with the new political players, particularly the Americans.¹⁹

On 18 August 1943, despite Salazar's declared neutrality, the Portuguese and the British signed an agreement that granted facilities at the port of Horta and air rights at Lajes Field on Terceira Island. The occupation started on 8 October, and Salazar further extended the agreement to include the Americans, on the condition that they maintained discretion and collaborated alongside the British. The Americans had also initiated their own negotiations, using Pan American Airways as a strategy to secure air facilities in Terceira Island and to initiate the construction of a new airport on Santa Maria Island. Disguised as a commercial air agreement, the Americans covertly established a new base in Santa Maria within only six months. In 1944, the joint efforts of the British and the Americans significantly reduced German U-boat activity, altering the course of the war and turning the tide of the battle in the Atlantic.²⁰

Espionage in World War II

Espionage is concerned with collecting intelligence, information gathering, infiltration, and influence through clandestine means that are meant to be undetectable. Employed both in times of peace and war, espionage is a game and an art of deception, misdirection, and deceit when played by spies. This concept is encapsulated by HUMINT, a technical term used by intelligence services to denote intelligence gathered from human sources. Nowadays, espionage involves extensive deployment of resources abroad, and intelligence can be described as the result of a comprehensive process encompassing the collection, analysis, evaluation, triangulation, and integration of information related to foreign nations, to be used, or not, in various types of scenarios.

During World War II, spying employed many methods, such as covert operations and SIGINT (analysis of signals emitted by enemy communications systems) but, for this article, we will focus primarily on HUMINT. The spies during World War II operated on behalf of one or more governments. In the wartime scenario, most spies were engaged in collecting information or disseminating counter-information within the networks of other spies. In this environment, anyone could be a spy: detained persons, refugees, local persons, or foreigners.

¹⁸ Secret telegram, n° 2548, 1st May 1943. MNE, GSG UI 3081.

¹⁹ Von Peter, F. "British policy towards Portugal in the Second World War" (Doctoral thesis, Historical Digital Theses, University of Cambridge, 1996), <https://doi.org/10.17863/CAM.19602>

²⁰ Littleton, S. D, *op cit*.

A significant part of their job involved keeping persons or locations under close observation.²¹ During World War II, information was not only synonymous with power but also constituted a vital resource for the war effort. Furthermore, especially during wartime, espionage is ethically accepted, and the ideological motivations are not only justified by governments but are also recognized as a noble issue by the wider population.

The Secret Services in World War II

During World War II, both the Allies and the Axis powers had their respective secret services. However, at the outset of the war, the Germans, the British and even American intelligence agencies were well-structured and considered significant components of the overall war effort. The Abwehr, the German military intelligence organization under the control of Wilhelm Franz Canaris, played a crucial role in coordinating efforts with other agencies. This included collaboration with the Gestapo's counterespionage department (often associated with Office IV) and Office VI, which was part of Heinrich Himmler's Reich Main Security Office. The Reich Main Security Office served as a powerful instrument of Nazi control, encompassing various security and intelligence functions, contributing to the overall structure of Nazi Germany's security apparatus. Walter Schellenberg, who served as the Gestapo chief officer in Portugal during 1940 and 1941, coordinated Office VI. This agency collected intelligence and provided relevant information to Germany's leadership.



Admiral Wilhelm Canaris



Sir Ronald Campbell

Despite the existence of various departments and agencies, the German intelligence service was commonly considered a failure. Many high-ranking officers were resistant to receiving foreign information, and the crucial importance of accurate intelligence was ignored until later in the war.²² Nevertheless, German espionage operations were active in the Azores, prompting the British to take notice of German assets and strategies. The British expressed their concerns to the Portuguese government, through the ambassador Sir Ronald Campbell, complaining about German actions in the region.

²¹ Forcese, C., "Spies without borders: International law and intelligence collection", *Journal of National Security Law and Policy*, 5, (2011):179–210, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1873983

²² Paehler, K., "Espionage, ideology, and personal politics: The making and unmaking of a Nazi foreign intelligence service", (Doctoral dissertation, American University: Proquest Dissertations Publishing, 2004), <https://search.proquest.com/openview/b943c33084a120ee06e2703da43d8d1a/1?pq-origsite=gscholar&cbl=18750&diss=y>

The entrance of British intelligence into the war was also far from being a great success. Initially, intelligence efforts gathered little information about the Axis powers, which led to failures during the early stages of the war. In 1939, there was a lack of information about German sympathizers, connections with the National Socialist party, or the activities of spies in the UK or abroad. However, by the mid-1940s, intelligence agencies were better equipped to collect data, and the Special Operations Executive (SOE), an agency created to disseminate propaganda and counter-information, was created with the sponsorship of Winston Churchill. The United Kingdom's security agency, MI5, had developed a training programme covering subjects such as lying and resistance techniques against torture, as well as methods of applying them. The spies were also trained in codebreaking, writing notes with invisible ink, and other skills.²³ Nonetheless, the success of programmes like Double Cross Spies relied heavily on the personalities of the spies and their ability to maintain disguises or adopt fake identities.²⁴

The breach of the German cypher machine, achieved by the codebreakers in Bletchley Park, proved instrumental in keeping the Allied secret services a step ahead. The combination of espionage, the use of intelligence, and counterintelligence was vital to the Allied victory. In the Azores, from the early days of the war, spies from both sides collected vital information.^{25,26}

German espionage in the Azores Islands

In 1940, Lisbon served as a crucial communication point between Continental Europe and the rest of the world.²⁷ *Diário de Notícias*, a daily newspaper, reported that “*Spain and Portugal are now the only doors of the Continent open to the Mediterranean and the Atlantic—that is to say, the only accessible and free sea areas*”.²⁸ Portugal, being a neutral country, was the perfect location for espionage, intelligence, and counterintelligence. Both sides played their cards, especially in propaganda and counterinformation, aiming to obtain political gains for their respective sides. The strategy aimed to sway public opinion, which was divided between the Axis powers and the Allies.²⁹ Salazar himself was initially pro-Axis, driven by a fear of communism. Further, he believed that an Axis victory would enable him to maintain his regime and hold on to power. In contrast, the victory of the Allies was shrouded in political uncertainty regarding the continuity of his political regime.

Despite Salazar's pro-Axis inclination, Portugal had always respected its longstanding alliance with England, and many Portuguese were pro-Allies.³⁰ Primary sources consulted at the *Ministério dos Negócios Estrangeiros* (MNE), show us that the Azores were teeming with spies.

²³ Cunningham, C., *Beaulieu: Finishing School for Secret Agents*. (Pen and Sword, 2005)

²⁴ Sharma, A., *A game of human chess: The double cross system and MI-5's supremacy in World War II*, (Undergraduate honours thesis, University of Colorado Boulder: CU Scholar, 2015), https://scholar.colorado.edu/concern/undergraduate_honors_theses/xf55z823n

²⁵ Masterman, J. C., *Double-cross system: The Incredible Story of How Nazi Spies Were Turned into Double Agents.*, (Rowman & Littlefield, 2011)

²⁶ Lintott, B., *The Mediterranean Double-Cross System, 1941–1945*. (Routledge, 2018)

²⁷ Telo, A. J. (2000). “A neutralidade portuguesa na Segunda Guerra Mundial”, *Observare Universidade Autónoma de Lisboa, JANUS 1999–2000*, (Repositório Institucional Camões, 2000), <http://hdl.handle.net/11144/2048>

²⁸ *Diário de Notícias*, Lisbon, 28 June 1940, as cited in Cardoso, (2017): 359

²⁹ Cardoso, D., “Neutralidade colaborante” e a propaganda em Portugal durante a Segunda Guerra Mundial”, *Revista de História da Sociedade e da Cultura*, 17, (2017): 355–17, https://impactum-journals.uc.pt/rhsc/article/view/1645-2259_17_16, 2017

³⁰ Rocha, Alexandre Luís Moreli, “As pressões dos Aliados e a evolução da política externa portuguesa entre 1942 e 1943: da neutralidade à colaboração”, *Revista de História*, (2009).

Documents sent from the British Secret Services to Salazar exposed German spies and their motivations. The situation resembled a cat-and-mouse game, with British spies exposing and monitoring the activities of the German spies. The game was in full swing. On 7 July 1940, the London embassy sent a telegram to the foreign ministry reporting that the British Broadcasting Corporation (BBC), on the Portuguese service, translated also into Spanish and Italian, revealed that German propaganda intended to sow seeds of discord between Portugal and England by spreading false news. *“In order to sow discord between Portugal and England, German propaganda is insinuating that Britain is preparing to establish military bases in Portugal and the Portuguese colonies”*. Armando Monteiro, the Portuguese ambassador, stated that *“there is no foundation whatsoever for the insinuation”*.³¹

A new telegram from the London embassy on 9 August 1940 guaranteed that the rumours spread by Rome, suggesting that the British were preparing to occupy the bases in the Azores, were not true: *“it is declared that there is absolutely no truth in the information produced by Rome, according to which the British forces were preparing to take possession of the Azores and the Canary Islands”*. German counterintelligence sought to destabilise the Portuguese government and society by disseminating anti-British propaganda that could help the Axis gain political advantages in the islands, but without results.

In 1941, a secret British report sent to Salazar identified the German spies operating in the Azores, detailing their mission and *modus operandi*. Hans Walter, serving as German Vice-Consul in Angra do Heroísmo on Terceira Island, was identified as a spy. He used the identity and address of his father-in-law, Manuel de Magalhães, owner of the *Casa das Utilidades* in Angra, a stationery and general store. He communicated with the German embassy in Lisbon through an intermediary, Fernando Bramado. In the messages he sent to the intermediary, Hans Walter reported on the forces stationed in the Angra garrison, which had arrived from mainland Portugal, and which consisted of 80 men, artillery equipped with 4 Flak-Geschuetzen lights (anti-aircraft guns), along with reflectors and listening devices. He also reported that two groups of reservists had been called up, and Caterpillars, tractors, and rollers, all of American origin, had arrived to construct the Lajes base. Furthermore, he also reported that Terceira Island was guarded by a ring of 30 garrisons, each consisting of an officer and 30 men. Walter believed that there were no garrisons on either São Jorge or Graciosa.³² According to British intelligence, the German embassy had requested additional details about the location of the Lajes base. In 1942, in April, as stated in the telegram, the British Secret Services had also confirmed that the father-in-law was involved in espionage.

As reported in a memorandum sent to Salazar by the British Embassy in 1942, a German espionage organization had been active since August 1941. This memorandum described German activities in both Portugal’s mainland and the islands and mentioned that this was known to the Portuguese authorities in 1941. The director of the organization in Lisbon was known as Eduardo

³¹ Telegramas Recebidos da Embaixada de Portugal em Londres, 7 July 1940, PT/AHD/MNE UI 82735.

³² Most Secret, Telegrama enviado através da embaixada de Londres, 1942, PT/AHD/MNE GSG UI3081



Lajes Field, 1946



The “German Colony” in Horta

but, despite his Portuguese name, the secret services believed he was German. He received reports from a Portuguese citizen by the name of Cândido Raposo who, in turn, employed another Portuguese citizen called Guilherme Gomes. Gomes’ mission was to gather information from sailors who regularly worked with ships arriving or departing from the islands, particularly those involved in handling communications. Raposo and Gomes were provided with instructions as to whom they should deliver the letters entrusted to them and were given a list of addresses carefully chosen to avoid arousing suspicion. If the custodians of these messages were unable to disembark on the islands, someone would meet them and collect the packages. The German espionage organization had a representative in Horta, J. Majewicz, who lived in the German colony of the Atlantic telegraph station. Suspicions arose that Majewicz might be Raposo.³³

A memorandum was sent but no actions were taken and tensions between the British and Portuguese governments were evident. In April 1942, British Ambassador Ronald Campbell complained about the inaction of the Portuguese authorities and questioned Portugal's policy of neutrality. He also stated that he received His Majesty's authorization to share information with the President of the Council, a dossier that “*does not deal in conjectures*”.

Salazar reacted indignantly. On 17 April 1942, he wrote to Campbell and, after confirming that he had received the memorandum, declared how surprised he was with the pieces of information and the tone of the letter. The tension was evident, and Salazar confessed that “*Quite frankly, the moment for such communication is not the happiest, given that it follows the campaign launched in well-known sectors et pour cause... against PVDE*”.³⁴ The language and tone of the letter oscillated between subtlety and affirmation of Portuguese sovereignty. Salazar recalled that “*not all trade with Germany is irregular and that not all exports are illegal*”, and that the right to trade with belligerents is of the essence of neutrality. However, in a gesture of goodwill, the Portuguese government “*will seek to clarify the enemy's irregular activities in Portugal*”. Salazar varied the tone of the letter between subtlety and assertiveness, not shying away from showing who holds power in Portugal and what the consequences are for those who question the authority of the Portuguese government. This point is particularly emphasized when he stated that “*the Portuguese government will seek to shed light on illegal enemy activities in Portugal (...) investigating Portuguese citizens against whom we will use greater severity (...), but it must also do the same with the citizens (...) which the English government has at its disposal*”. Salazar also confronted the ambassador with the British statement, or veiled threat, that German espionage would be compromising Portuguese neutrality, pointing out “*that no one can presume (...) to be*

³³ Secret Memorandum, British Embassy, April 1942, PT/AHD/MNE GSG UI3081

³⁴ Polícia de Vigilância e Defesa do Estado

exempt from espionage and that he believes he has heard your Excellency refers to your country's good information on enemy countries (...) In any case, it is necessary to have evidence and not more or less unfounded suppositions".

However, the British Secret Services were carrying out more investigations about Eduardo and, in another memorandum sent by the Embassy, dated October 1942,³⁵ Eduardo and the objectives of his organization were outlined. The memorandum contained a letter from Eduardo, consisting of a manual to other spies, recommending the bribery of communication and telegraph operators on the islands, the recruitment of English-speaking people on the islands to be sent to Lisbon to obtain information from English sailors, and the recruitment of Portuguese-speaking Englishmen to report on the movements of so-called "interesting ships" arriving on the islands.³⁶ The spies were also to observe and report in detail on any changes of military significance made on the islands by the Portuguese authorities or by powers hostile to the Axis, including the arrival of troops, ships, or military vehicles. Even though, according to British intelligence, there was no involvement of the Portuguese police in the German espionage organization, Portuguese citizens were tricked or lured into providing this information to the German authorities, particularly military information about barricades, weapons, and the landing of troops. As noted by Campbell, *"I need not dwell at any length upon the questions of principles and policy involved in a presence of organizations of this kind"*.³⁷

There were members of the Portuguese censorship apparatus and postal services involved in the process of German espionage. Eduardo had friends within the Portuguese censorship and postal services, who ensured that these communications were shielded from being intercepted and read *"because a friend of mine handles the censorship, (...) we have friends in the postal services, who arranged things this way"*. Attached to Campbell's memorandum were copies of communications between J. Majewicz and Eduardo. Majewicz had collected precise information about the number of effective officers and the number of men in each company, totalling around 3,000 men, potentially reaching 4,100 in the event of an attack on the islands. As stated in the memorandum, the German spy in Horta said that, in his opinion, the officers were not *"very intelligent and were only interested in their duty"*. Also involved in espionage were Lieutenant Tunon, who was sent by the Germans to the Azores to operate a radio transmitter to send information to Germany, and a meteorologist named Napoles Pacheco, who conveyed information about the Azores in messages written in invisible ink.³⁸

Another report, found in the Armindo Monteiro files, without data and signature, stated that *"Early in February 1942, H. Burgmeister and Gustav Satkowsky, German Consuls destined for S. Miguel, tried to board S.S. Lima"*. They were refused navigation certificates and their luggage was taken off. A customs officer was suspicious of four identical suitcases, which were opened and proved to contain wireless transmitters. This report also asked *"whether these two consuls are still in Portugal and whether any action has been taken"*.³⁹ Despite the indignation provoked by the accusation of lack of neutrality, and the promises to investigate enemy spies, no action was taken. On 15 October 1942, Campbell asked Salazar, as he had promised in a personal

³⁵ Memorandum sent by British Embassy, October 1942, MNE PT/AHD/GSG UI3081

³⁶ Memorandum sent by The British Embassy, October 1942, Containing Eduardo Letter, Annex A, July 1942, MNE PT/AHD/GSG UI3081

³⁷ Memorandum sent by British Embassy, October 1942, MNE PT/AHD/GSG UI308

³⁸ Memorandum sent by British Embassy, October 1942, PT/AHD/MNE GSG UI3081

³⁹ Report, Examples of Illegal German Activities, PT/AHD/MNE GSG UI3081

conversation on 10 October, to take measures to eliminate espionage and its assets in Portugal.⁴⁰ No answer was given by Salazar and only in 1943 did the PVDE asked whether it should investigate the information contained in the memorandum. They received a positive answer from the Undersecretary of War on 29 January 1943.⁴¹

Although investigations were conducted, Salazar ignored British requests for concrete action. As long as the islands were safe and there was no invasion plan, Salazar dismissed complaints from both sides of the war. While German espionage and the inaction of the Portuguese authorities caused tension between the old allies, it was also true that British espionage operated mostly freely in Portugal.⁴² However, the Foreign Office insisted and, on 19 February 1943, another memorandum was sent to the Portuguese embassy in London with a harsher and more critical tone. The FO declared that *“is hard to believe that the Portuguese police have been investigating for over a year the cases of the German names in the earlier memorandum without finding any information”* and also stated that His Majesty’s Government *“wish to leave the Portuguese government in no doubt that the activity of this German spy ring is an integral and important part of the German efforts in the battle of the Atlantic.”*⁴³

Another source of tension was the refusal by the Portuguese Government to allow the posting of a British censorship liaison officer at Ponta Delgada. In an aide-memoire, at the end of 1942 or beginning of 1943, on the final stages of negotiations concerning security measures in the Azores, the British reminded the Portuguese government that they initially accepted the Portuguese position, *“but experience has since shown that British security interests undoubtedly extend to communications from Ponta Delgada, which is the site of the only Marconi station in the Azores, and that the safeguarding of these interests would be assisted by the presence in Ponta Delgada”*. The British also stated that their officer *“would be able to give to his Portuguese colleagues the benefit of the expertise that has been acquired during the four years of the present war... in the detection of the many varied and ingenious methods of deceiving the censor”*. For the British, the *“advice and help that a British expert of long experience could place at the disposal of the Portuguese censors would be invaluable in enabling them to ensure the protection and security of both Portuguese and British interests in the area”*. The aide-memoire stressed that the censor appointed by His Majesty's Government in Ponta Delgada would be extended to the liaison that functioned in Horta and Angra do Heroísmo and reassured Portugal that this *“was provisional and could be discontinued at any time the presence of a British expert proves to be no longer necessary”*.⁴⁴ The British proposals were completely ignored.

Only in the summer of 1943, when Salazar realized that the Allies were on the verge of winning the war, were concessions made, allowing the Allies to establish naval and aircraft bases in the Azores beginning on 8 October 1943. Another action by the Portuguese state to please the Allies was the publication on 7 June 1943 of the Espionage Law.⁴⁵ In doing this, the Portuguese Government recognised that Portuguese and foreigners could spy on other countries, compromising Portuguese security and sovereignty. In article 148, nº 3, it was confirmed that it applied to *“any Portuguese or foreigner residing in Portugal who colludes with a foreign power*

⁴⁰ Letter from Ronald Campbell to Salazar, 15 October 1942, MNE UI3070

⁴¹ PVDE, 29 of January 1943, MNE PT/AHD/GSG UI 3070

⁴² Pimentel, I. F., *Espiões em Portugal durante a II Guerra Mundial: como o nosso país se tornou local de passagem de agentes ingleses e alemães*. (A Esfera dos Livros, 2014)

⁴³ Telegramas recebidos na Embaixada de Portugal em Londres, 19 February 1943, PT/AHD/MNE GSG UI/3070

⁴⁴ Aide- Memoire, circa 1943, PT/AHD/MNE GSG UI/3070

⁴⁵ Dec-Lei_32832, I Série, nº 117, Segunda-Feira, 7 June 1943

or its agents to induce by any means or force the Portuguese State to declare war or to maintain neutrality".⁴⁶ Although this law was partly in line with British requests and interests, the Portuguese Government was still quite cautious in the breadth of its application.

Even though PVDE closely observed German espionage, no practical moves were made until the end of 1943. The tension between the British and the Portuguese Government was evident in the António João da Silva case. Silva was a German agent operating "*transmitting sets operating in the Azores and on the mainland*". The arrest of Silva was "*much appreciated*"⁴⁷ but, in a further aide-memoire sent by the British embassy in Lisbon to the Portuguese Government, the British complained that "*Silva, a former agent in the Azores who was taken into custody, was subsequently released and sent to Lisbon on the SS Lima. Despite the overwhelming evidence presented by the Ambassador and by His Majesty's Minister on 22 November, it is believed that no steps have yet been taken to arrest Silva*".⁴⁸

Nonetheless, the Portuguese government was searching for Silva. In an undated report, the PVDE reassured that Silva had been arrested by military authorities in the Azores but was set free by the same authorities. When Silva disembarked from *Lima* on the mainland, the PVDE hadn't received an order from the Interior Ministry to follow him but, even the "*British Secret Service, so interested in the subject, couldn't locate Silva*". With that sentence, we have some reasons to believe that the PVDE didn't appreciate much the remarks that the British implied about Portuguese authorities.⁴⁹ However, another report suggests that Silva had been arrested and had been in prison from 2 January 1944.⁵⁰ As in a game of chess, Salazar sacrificed the pawns but left the king safe, i.e., Portuguese neutrality.

However, this gesture of goodwill and cooperation, which allowed Salazar to gain some goodwill from the Allies, couldn't disguise the tensions that espionage had provoked between the two governments. In an 8 December 1943 report, sent by the British embassy, the last paragraph emphasized that "*His Majesty's Government was quite disappointed that... at the very same time as the alliance has been implemented and re-invigorated, the Portuguese authorities should show their personal leniency towards the activities of those whose business it is to endanger British lives and shipping*". These words implied that the Portuguese were, in some way, not very keen on the Allies or, at least, were not doing everything possible to assist.⁵¹ Those remarks were not taken lightly by the Portuguese authorities and on 29 January 1944, a reply referred to these words as "astonishing". In this report, the Portuguese Government replied that the delay in answering the aide-memoire a nota verbal sent by the British Embassy on 8 and 29 December 1943, in the matter of German espionage, was caused by the delicacy and prudence of the subject. This memorandum also stated that some of the statements by the British Embassy were poor and unjustified. This report also mentioned that, after a careful investigation, the Portuguese Government had shared with His Majesty's Government, all the information at its disposal, revealing, once more, a close cooperation between Portuguese and British secret services. However, the Portuguese Government pointed out that they could not prioritise the British

⁴⁶ Espionage law, article 148, nº 3, 1943

⁴⁷ Aide Memoire, 11 October 1943, AOS/CO/PE-8D.P.2

⁴⁸ Aide Memoire, 8 December 1943, MNE GSG UI/3070

⁴⁹ Aide-Memoire, 11 October 1943, AOS/CO/PE-8D.P.2

⁵⁰ Memória, 23 January 1944, PT/AHD/MNE GSG UI/3070

⁵¹ Aide Memoire, 8 December 1943, MNE GSG UI/3070

investigations above their own and, therefore, were astonished by the final remarks made by the British authorities.⁵²

Conclusion

German espionage and German spies had been operating in the Azores Islands since 1940, particularly in Horta and Terceira Island. Obtaining precise information about troops, garrisons, and locations was crucial for German plans to attack and occupy the islands. The spies used fake identities and worked in close cooperation with other spies established in Lisbon, who transmitted information to the Reichstag. Despite their undercover identities and missions, the British secret services, leveraging Portuguese informers, had identified the German assets and from 1941 informed Salazar about the German espionage that had been conducted in the Azores and on mainland Portugal. The British requested immediate action, but Salazar was very careful, and, while the activities of the German or British spies did not interfere with Portuguese sovereignty, was willing to postpone taking decisive action in the geopolitical arena for as long as he could. Even with the British subtly questioning Portugal's neutrality, Salazar remained cautious and denied the accusations. That strategy provoked tensions between the British and the Portuguese governments, tensions that became evident in 1942. It was only in 1943 that Salazar ordered the PVDE to investigate, two years after the first memorandum from the British on the topic and, by then, the course of the war favoured the Allies. For Salazar, neutrality was non-negotiable, and he postponed as much as possible any decisions that could jeopardize that neutrality. Portugal and the Azores could serve as a "spy land" as long as the spies' operations remained secret and did not prejudice Portuguese interests.

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⁵² Memória, 23 January 1944, PT/AHD/MNE GSG UI/3070