

Declassified E.O. 12356 Section 3.3/NND No.

785015

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10000/100/323

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FINANCE, CONTRACTS UNDER ARMISTICE TERMS
OCT. 1943

3P

Received 23 Oct. 43.

ROUTINE. AC/1011/8

REF NO: 4296

3A

TO PER ACTION: SPARS FOR AMT FOR HULF

FOR INFO: FILPOT

FROM: BUTTERWORTH, SIGNED: EISENHOWER, CITE: FHMGE

AGUAR advises receipt of 100 tons citric acid and 40 tons tartaric acid. To establish accounting procedure they request information on arrangement under which material were procured and shipped, particularly what funds were used.

ORIGINATOR: MIL GOV SEC.

AUTHENTICATION: T. B. JACKMAN, MAJOR

INFORMATION: NAEB

CIVIL AFFAIRS

AC RECORDS.

2712

MC OUT 1965

7 OCT 43 1415A REF NO: 4296

jdp F

RECEIVED October 23 1943. *2A*

JAJA
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TOO 21183QA

AFSC N 115/23
230153A
wlf

AC/10/18

P R I O R I T Y

FROM TROOPERS

TO MILSTAFF FOR JSM RPTD FREEDOM (CITE FINGS) FIN 8 (FIN 9)?

REFERENCE NUMBER THIS MESSAGE: 81450 F5 21 October 1943

Your 11/7, 17 Oct still not clear.

1. Sub para (3) particularly is not intelligible. Proposal seems to involve pricing of all items. For some reasons as it is impossible to price reciprocal aid abroad, it is impossible in general to price these items. We regard any attempt to do so at this stage as waste of manpower as such accounts will not make any difference at all to total amount of foreign exchange ultimately received by Allies from ITALY for reparations relief costs of Army of Occupation, etc.

2. Quantitative records only can therefore be kept. In straightforward cases where prices are readily available on spot we agree that they should be inserted.

3. Even if pricing were possible active service conditions make accurate records impossible.

4. We would also keep records here of specific imports and exports to and from STEERING area and price them when possible without undue labour. If WASHINGTON does same for UNITED STATES imports and exports suggest combination of records in WASHINGTON, LONDON and ITALY will enable rough estimate of total value to be assessed at later date if that should prove necessary for purpose of allocating amongst the Allies the limited amount of foreign exchange which is all we can hope to get out of ITALY.

5. You should press for TAM 54 to be cancelled and whole matter reconsidered. Endeavour obtain agreement to above which is slight elaboration AFHQ proposals in MAP 414.

6. TAM 54 should not have been sent without our concurrence. *2711*
were aware from FIN 1 that we held different views. We have not seen radioes to and from ALGIERS referred to in TAM 54.

/s. Para 7.....

- 2 -

7. You will appreciate these difficult questions Cannot be dealt with without mature consideration. Your own consideration of WAF 414 took some 3 weeks and you cannot expect reasoned answer in 3 days.

TAM 54 MC IN 11163 19/10/43 MGS
WAF 414 MC OUT 6887 21/9/43 MGS
11/7 Not identified in AFHQ MC File

ACTION : MIL GOV SEC

INFORMATION: SGS
DPIC
FINANCE
AO RECORDS

MC IN 13727 23 Oct 43 0700A Ref No. 81400 PG V₂/B

Declassified E.O. 12356 Section 3.3/NND No.

785015

TO: Col. Evans.

For your information. Please forward to:-

Col. Upjohn. Legal. ✓
J.C.S.
J.A.C.S. *WAFB*
A.M.G.(P)
E. & F.

17/01/66

for MAJOR H. A. L. CHAPPLE.
Finance Sub-Commission.

2710

FROM : A.F.H.Q. (FROM M.G.S. FOR HAMLYN).

Date-Time of Origin.
Oct 191650

TO : FILPOT FOR AMGOT FOR COLONEL GRAFFTEY-SMITH.

VIEW URGENT NEED RE-ESTABLISHMENT OF OIL STORAGE FACILITIES BARI. PROPOSE
APPROVING ADVANCE 1,600,000 LIRE BY AMFA TO AZIENDA NAZIONALE IDROGENAZIORE
COMBUSTIBILI (A.N.I.C.) AT BARI FOR PURPOSE MEETING WAGE BILL ON FIRST NOVEMBER
(.) SUGGEST OBTAINING PROPER RECEIPT EVIDENCING OBLIGATION A.N.I.C. TO REPAY,
TERMS TO BE SETTLED LATER (.) COULD YOU CONTACT LT. COL. EYLES, R.A.S.C. WHO
HAS REPORTED ON A.N.I.C. AND UNLESS YOU DISAGREE MAKE ARRANGEMENTS FOR EMERGENCY
ADVANCE (.) PLEASE CABLE ME WHAT IS DONE AND YOUR SUGGESTION FOR TERMS OF LOAN.

DISTRIBUTION : Col. Evans, Industry & Commerce. Col. Upjohn, Legal.
JCS, JACS. AMG (P), E. & F.

/tlt

2759

SECRET

MEMORANDUM.

FROM : Legal and Financial Sub-Commissions.
TO : Brigadier General Julius Holmes, Military Government Section, A.F.H.Q.
SUBJECT : Proposed contract with A.M.I.C. oil refinery at Bari.
DATE : 20th October, 1943.

1. The Chief Financial Officer of the Allied Commission was informed on 19th October, at a meeting in Major General Gale's office and at a subsequent meeting with Brigadier Dunlop, that it is proposed by officers of the British Army presently at Bari to enter into a contract with an oil refinery (A.M.I.C.) for storage facilities, and that an advance equivalent to 1,600,000 lire is urgently needed.
2. The Chief Financial Officer stated that he preferred to defer discussion of entering into a contract with a firm in unoccupied territory and he also stated that he was not entirely familiar with the policy with reference to requisitioning which was to be followed in either occupied or unoccupied Italian territory now that Italy has been accorded the status of co-belligerent. He agreed, in the meantime, to propose to the responsible officials of AMFA the making of an emergency advance of 1,600,000. An appropriate cable was drafted and handed to MCS for approval.
3. The contract with A.M.I.C. which is under consideration may be taken as typical of a large number which may be drafted if the Allied Commission or the Armies use this method of obtaining from Italian enterprises and individuals in unoccupied Italy the performance of services and delivery of goods required for the Allied war effort or by the Allied Commission. The considerations of costs, rates of compensation, and other terms which the drafting of such contracts will involve will require the Allied Commission greatly to increase its legal and accounting staffs, to employ the services of Italian lawyers, and so on. This method of operation may also give rise to a great amount of litigation with the extremely undesirable consequence that someone on behalf of the Allied Commission might find himself as a plaintiff or even a defendant in the Italian Courts.

4. It is suggested that the whole policy of Allied Commission as conceived in the Armistice Terms is not to enter into a series of individual contracts but to obtain its war material and such other supplies and services as may be required by the method of ordering the Italian Government to produce them. Thus it is suggested that resort be had to appropriate provisions of the Armistice Terms, by which the Italian Government may be required to provide the Allied Forces with supplies and facilities. In particular, Article 21 (B) provides that the Italian authorities "will make available in non-occupied Italian territory all transport facilities required by the United Nations, ... and will comply with instructions issued by the Allied Commander-in-Chief regarding the use and control of airfields, ports, shipping, inland transport systems, vehicles, intercommunication systems, power stations and public utility services, oil refineries, stocks and such other

of entering into a contract with a firm in unoccupied territory and he also stated that he was not entirely familiar with the policy with reference to requisitioning which was to be followed in either occupied or unoccupied Italian territory now that Italy has been accorded the status of co-belligerent. He agreed, in the meantime, to propose to the responsible officials of AIFA the making of an emergency advance of 1,600,000. An appropriate cable was drafted and handed to MGS for approval.

3. The contract with A.N.I.C. which is under consideration may be taken as typical of a large number which may be drafted if the Allied Commission or the Armies use this method of obtaining from Italian enterprises and individuals in unoccupied Italy the performance of services and delivery of goods required for the Allied war effort or by the Allied Commission. The considerations of costs, rates of compensation, and other terms which the drafting of such contracts will involve will require the Allied Commission greatly to increase its legal and accounting staffs, to employ the services of Italian lawyers, and so on. This method of operation may also give rise to a great amount of litigation with the extremely undesirable consequence that someone on behalf of the Allied Commission might find himself as a plaintiff or even a defendant in the Italian Courts.

4. It is suggested that the whole policy of Allied Commission as conceived in the Armistice Terms is not to enter into a series of individual contracts but to obtain its war material and such other supplies and services as may be required by the method of ordering the Italian Government to produce them. Thus it is suggested that resort be had to appropriate provisions of the Armistice Terms, by which the Italian Government may be required to provide the Allied Forces with supplies and facilities. In particular, Article 21 (b) provides that the Italian authorities "will make available in non-occupied Italian territory all transport facilities required by the United Nations, ... and will comply with instructions issued by the Allied Commander-in-Chief regarding the use and control of airfields, ports, shipping, inland transport systems, vehicles, intercommunication systems, power stations and public utility services, oil refineries, stocks and such other fuel and power supplies and means of producing same, as United Nations may specify, together with connected repair and construction facilities."

Thus in the present case there seems no difficulty in ordering the Italian Government to make arrangements with A.N.I.C. for the storage of the required amount of oil and for the refining of the oil to be brought ~~to be brought~~ to it and this is primarily a matter for attention by the Industry & Commerce Sub-Commission. The manner in which the Italian Government carries out these orders, whether by requisition or contract, is not the concern of Allied Commission. This procedure will relieve the Military Authorities and the Allied Commission of all such contractual arrangements.

5. Under this procedure the Italian Government would discuss with the contracting firms all questions of financing. The Allied Commission would be concerned in these matters primarily only: (a) in the course of its scrutiny of the Italian budget and current expenditures and (b) to the extent that 4M lire advances are needed by the Italian Government.

DISTRIBUTION: Col. Evans, Industry & Commerce.
JCS, JACS, AMG (P), Et & F.

Col. Upjohn, Legal.

162-17100

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