

Declassified E.O. 12356 Section 3.3/NND No. 785017

ACC

10000/109/736  
(VOL. I)

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

785017

10000/109/736  
(VOL. I)

FOREIGN TRADE (OTHER THAN WITH FRANCE)  
NOV. 1944 - JAN. 1946

Chief Commissioner

97

Attached is submitted for your approval signature information

(96)

*MS/100*

1040

JAN 8 RECD  
0920

*Noted by CC*  
*[Signature]*

*by Comm.*  
*650. Please see table 98 on resumption of private trade press release.*

99

*MS/101*

*MS/101*

*SMH*  
*29/1/46*

100

Chief Commissioner

(98)

Attached is submitted for your approval signature information

*MS/102*

1039

*Noted by CC*  
*[Signature]*

36  
E. Comm. 36

Please note for info to Linda for info.  
Cable report

CSO und...  
1/27/6.

56

EU Corr. 4ol. 51-55 for info. Would you want  
comments from Sec. Sec. ~~to~~ as to effect of  
this new policy on their program?

Emu 20/10

57

No thank you

E. Comm.

280 Pse 59 for info

erb 23/10

erb 21/10

62

The answer to the telegram was sent -

Nov 21.

11/27/6



of Com. for 51-55 for info. See ~~to~~ ~~effect~~ of  
comments from Be. See ~~to~~ ~~effect~~ of  
this new policy on their program?

Emu 30/10

57

No thank you 25/11/64 - PT 2/2/65

Ex Comm. 60

25/11/64 See 59 for info

25/11/64

23/11/64

62

The answer to the telegram was sent -

25/11/64

Nov '21'

NA in view of memo 63 64.

25/11/64

61 & 63 for info.

25/11/64

1038

25/11/64

71

25/11/64 Please see PC 5000 19 for info. 25/11/64

25/11/64 Please see 72 on withholding of press release. 25/11/64  
25/11/64

25/11/64

25/11/64 In info. 73-76 & forwarding 25/11/64

25/11/64

25/11/64

4325

Capt Arndt.

You should read <sup>20</sup> #1 back to  
<sup>22</sup> #3. Minutes #32 overleaf

then P. a. <sup>24</sup> 24/5

~~4326~~

4326

Not read or suggested in min #1. and agree with  
Mr. Goffey-Smith. a matter which needs immediate attention

discuss. John J. Arndt

4330

See Enclosure Enclosure

2/24/5

~~26~~ 26  
Not read as suggested in memo 25. and agree with  
Mr. English. draft. a matter which needs immediate attention

W. B. [Signature]

~~230~~ 230  
Executive Committee  
Please see of memo # 13 re Foreign Trade Policy  
for info. [Signature] 1U37

Also please see folios 20 & 21  
[Signature] 1U37

2/18/6  
Copy of [unclear] should go to [unclear]  
[Signature]

CFA / Desfhe - would you draft a memo for  
CC on line discussed.

see file 20

178/18/15

4222

TO: Executive Commissioner.

17 May 1945.

1. Reference minute 42. 21.
2. The memorandum by G-5 (folio 40 in file) was prepared after some of the views Brig. Gen. McKinley and I set out in our ES/21.03 of 14 May (folio 38) were expressed informally and verbally to Major Grady of G-5, at, I might add, his request. Consequently, the most objectionable feature in the first draft has now been eliminated, namely, the failure to make clear that during the period of military responsibility Allied Commission, acting under directives from AFHQ and CCS, would exercise final authority, the role of the Committee being that of an advisory body (see para. 1 of folio 40).
3. Provided the Committee, if it is established, fully understands this principle of action, the creation of such a body can probably do no harm and may even do some good.
4. The fundamental question is, however, still not dealt with by G-5. The authority of the proposed Committee during the period of military responsibility is quite clear; it derives from CCS through SAC. Does Allied Commission cease to function simultaneously with the ending of the period of military responsibility? If not, under what directives does it then function? If so, does Italy then assume full control over its economic activities, or will some areas of control be maintained? Who would exercise such control?
5. If G-5's plan really covers only the period of military responsibility, as I think it does, then the Committee can never be anything but advisory. It would undoubtedly be desirable to consult with representatives of Governments whose countries are interested in Italian trade; but it would be a mistake to think that the Committee could decide questions which, up to the present, at least) CCS has been unable to settle.
6. In these circumstances and as we are dealing with imponderables, I would suggest a simple acknowledgment of Brig. General Stifford's letter saying that we agree in principle but that as so much depends on the period during which the Committee will exist and the status of the Allied Commission at that time, we will welcome the opportunity of attending the meeting where the views of G-5 can be stated in more detail.
7. Do you agree? I find it impossible to reply constructively to a series of proposals which are not fully understood by their investigators.

Handwritten initials and a large 'X' mark at the bottom of the page.

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*As Grayson Smith*

Brigadier,  
Jt. Chief Financial Advisor.

1036

Chief Commission

Please see CEA's minute. Agree. 7th and

he should accompany you to the meeting 17/15.

FC. *Jaguel* *and cc*

*Handwritten marks and scribbles at the bottom of the page.*



3

CSO: Ple see p 2

encl 15/11

CSO

4

You will want to see 2 which was raised at a CSO meeting.

11/17/61

1035

15/11



*1003-4049*

*(8)*

G U T T I N G M A S S A G E  
HEADQUARTERS ALLIED COMMISSION

FROM : H. ALCOM 27 January 1946  
TO : AGWAR FOR COS FOR BCWC FOR CLAC WAROF (LONDON)  
FOR S.L.A.D. SECRETARIAT AFRO. 1945

Ref. No.: 626 UNCLASSIFIED

This is WOC 489.  
WOC 403 and P-1 1-7 refer.

Subject is resumption private trading with Italy.

1. The following is translation of press release prepared by Italian Ministry Foreign Trade, agreed by United States and United Kingdom Embassies and ALCOM, for publication here 5th February.

2. Effective February 15 1946 private trade between Italy, on the one hand and the US, Great Britain and countries of the British Empire on the other will be resumed. As a consequence, the International Institute for Foreign Trade (IIT) will no longer be a obligatory channel for trade with those countries, private firms being able to trade direct. The US Government has stated that, albeit incoously, the United States Commercial Company ceased to be an obligatory channel for trade with that country. As a result of the present action, private trade is reestablished with all countries except Germany, Japan, Manchuria, Korea, and Formosa. For the private trade so resumed there still remain in effect the restrictions and controls exercised by the Ministry of Foreign Trade and required by the General Foreign Exchange position, the supply situation of our country and by the terms of commercial and payment agreements. As a result of international agreements, the movement of goods included in the reserved Commodity Lists must be authorized in advance by the appropriate Economic Agencies of the United Nations. The regulations to which private firms must conform in foreign trade operations will be set forth in publication distributed by the Ministry of Foreign Trade.

1034

3. It is expected that the publication referred to will be ready for distribution February 15. It will contain statement of Italian commercial policy objectives, details of licensing procedure, regulations governing import transactions not requiring foreign exchange, those for manufacture on commission and reexport, private compensations, etc, details of system

*PA 1/2*

See M. 99/100

*(M. H.)*

of allocation of export import quotas to individual firms where necessary, list of exportable commodities subject to foreign exchange control but exempt from export control requiring ministry license, copy of reserved Commodity Lists, regulations governing commercial correspondence and procedure for obtaining shipping space.

4. Ministry expects to issue periodic bulletins thereafter announcing additional information of interest to private traders.

5. United States and United Kingdom Governments may wish to make simultaneous release 5 February, 1600 hours Rome time. Note that above quoted release will be issued by Italian government, though its Italian text has been agreed by AECOM, United States and British embassies.

Copy to : Economic Section

Precedence : ROUTINE

Office of origin : Commerce (Foreign Trade) S/C

Tel. No. : 478191


Originator's signature: (M.J.S.K.L. SML)

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INFO : Chief Commissioner  
Exec Comm 2  
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C. J. S. MB  
W. J. S. MB  
M. J. S.  
File

ALLIED  COMMISSION  
INTER-OFFICE MEMORANDUM

96

SUBJECT: Target Date for Private Trade to Become Operative FILE No. ES/2000


TO : Chief Commissioner 29 December 1945  
(Thru: Executive Commissioner) DEC 31 1945

The meeting for which this is the agenda will be held on Monday - our first meeting with the new Minister of Foreign Trade.

HARLAN CLEVELAND  
Acting Vice President

See M. 97 1033

PA  
11/12  


  
2/1/46  
(M.H.)

AGENDA FOR CONFERENCE ON REINTEGRATION

OF PRIVATE TRADE

\*\*\*\*\*

SUBJECT

To agree : Target date for private trade to become operative.

POINTS FOR DISCUSSION

1. Publication of decree setting up Ministry of Foreign Trade.
2. The procedure for the control of import and export licences having been prepared by the Italian Government and agreed by Allied Commission, it is to be decided :
  - (a) When can the details of the licensing system be publicly announced?
  - (b) Are the exchange procedures ready ?
  - (c) When will the new Ministry organization of offices and personnel be prepared to receive and handle applications for import and export permits?
  - (d) The procedure for licensing of import of all types involves the extensive use of the Provincial Chambers of Commerce before any application are submitted to the Ministry. Are all Chambers of Commerce now functioning effectively ?
  - (e) The Ministry of Industry and Commerce have been engaged in preparing a list of all goods which will be subject to export licences, on the understanding that all

1032

95

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(b) Are the exchange procedures ready?

(c) When will the new Ministry organization of offices and personnel be prepared to receive and handle applications for import and export permits?

(d) The procedure for licensing of import  
of all types involves the extensive use of the Provincial Chambers of Commerce before any application are submitted to the Ministry. Are all Chambers of Commerce now functioning effectively?

1032

(e) The Ministry of Industry and Commerce have been engaged in preparing a list of all goods which will be subject to export licenses, on the understanding that all other goods, not included in this list, will still be subject to foreign exchange control. What progress has been made with this list?

3. CUSTOMS CONTROL

The Italian Government have undertaken to investigate the state of the Customs net throughout Italy and to furnish AC with details of assistance which may be required of the Allied authorities to make this net fully effective. When may this report be expected and may a statement now be made on the general state of readiness of the customs?



4. SHIPPING

As yet it is only possible to consider shipping procurement under USA procedure. It has recently been agreed that ICE will receive all shipping bids and will transmit them to the Ministry of Marine for programming.

This is the current practice but the American Embassy have some suggestions to make regarding shipments to and from U.S.

Confirmation of the Italian Government's intention has been requested.

5. EXCHANGE CONTROL

The U.S. Treasury Dept. are freeing from control through general licences all Italian post-liberation dollars which have accumulated since 8 September 1943. Further specific licences covering the expenditure of such dollars will not be necessary.

6. U.S. EXPORT LICENCES

The U.S. Government have placed Italy in the 'K' class of countries (i.e. countries to which exports of all goods except a few commodities in short world supply may be made under general licence).

7. THE DIBENT/EXPORT "CONQUAGLIO"

What decision has been made regarding the "export lira"? Is it intended to state a general policy of applying a fixed overcharge on all import and a corresponding premium on all exports? If so, when?

8. RESERVED COMMODITY LIST

With effect from 1 January 1946, the Combined Raw Materials Board and the Combined Production and Resources Board will cease to operate. Instead, five special Committees will continue to allocate supplies of:

1031



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#### 6. U.S. EXPORT LICENCES

The U.S. Government have placed Italy in the 'X' class of countries (i.e. countries to which exports of all goods except a few commodities in short world supply may be made under general licence).

#### 7. THE EXPORT/EXPORT "CONCILIATIO"

What decision has been made regarding the "export lira" ? Is it intended to state a general policy of applying a fixed overcharge on all import and a corresponding premium on all exports ? If so, when ?

#### 8. RESERVED COMMODITY LIST

With effect from 1 January 1946, the Combined Raw Materials Board and the Combined Production and Resources Board will cease to operate. Instead, five special Committees will continue to allocate supplies of :

- a) Hides
- b) Manufactured cotton goods
- c) Tin
- d) Rubber
- e) Coal

1031

93

All other items which were previously controlled by CFCB and CFE will be decontrolled.

There will be no change in the operation of the Combined Ford Board.

9. INSURANCE

Allied Comission have recommended to higher authority that italy be permitted to effect external insurance transactions, including re-insurance, without prior approval by AC.

RESTRICTED

HEADQUARTERS ALLIED COMMISSION  
APO 394  
Economic Section

RESTRICTED

MOC MEMORANDUM 133 : 27 December 1945  
TO : Combined Civil Affairs Committee  
(For Combined Liberated Areas Committee)  
3C-866 Pentagon Building  
Washington, D.C. (15 Copies)

DEC 28 1945

1. In accordance with para 4 of MOC 403, details are attached, in Appendix A, of permits, for import from U.K. and U.S., which were issued by the Italian Ministry of Industry and Commerce, during the period 26 October to 10 December 1945.

2. It is pointed out that these permits were issued without the prior knowledge of Allied Commission. As soon as their issue was discovered, steps were taken to regularize the procedure, but it has been necessary to put five of the permits, for import from U.S. in suspense.

3. As a result, Appendix A is divided into three groups, as follows:

Group I - Permits which are approved outright by Allied Commission.

Group II - Permits which are approved in principle by Allied Commission but in respect of which it is necessary either a) to obtain allocation for the import

or b) to obtain allocation of the finished goods for the eventual exports which the imports entail.  
Application for these allocations is being made.

Group III - Permits which are not yet approved by Allied Commission because:

a) Necessary allocations have not been obtained from Combined Boards. **1028**

b) Insufficient data is yet available for the allocations to be requested.

92

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1028

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*H. G. Cleveland*  
HARLAN CLEVELAND  
Acting Vice President  
Economic Section

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*H. G. Cleveland*  
(1028)

APPENDIX A(1)

| <u>Ref. No.</u> | <u>Date</u>                           | <u>Importer</u>                                  | <u>Exporter</u>                               | <u>Goods</u>   |
|-----------------|---------------------------------------|--|---|--|
| - Group         | I :                                   | Permits which are approved outright by IC        |   |  |
| A)              | FROM USA (without payment in Dollars) |  |   |  |
| 42418           | 26 Oct.                               | Cotonificio Vallo<br>Ticino - Milano             | Am. Cotton Coop.<br>Ass. of Memphis,<br>Tenn. | 1,500 bales (330 tons)<br>of Cotton<br>(strict middling) |
| 42280           | 27 Oct.                               | Soranzo Michele,<br>Milano.                      | -   | 1 Treatment of Penicillin                                |
| 42770           | 16 Nov.                               | Mattai Virgilio &<br>La Sorsa Adolfo,<br>Roma    | -   | 2 Radio Sets & Spares<br>1 Fountain Pen                  |
| 43098           | 23 Nov.                               | Cotonif. Felice<br>Fossati, Monza                | Anderson &<br>Clayton, Houston,<br>Texas      | 700 bales (150 tons) of<br>Cotton (strict<br>middling)   |
| 43316           | 27 Nov.                               | Orup & Co.,<br>Milano                            | do.   | 5,000 bales (1,100 tons)<br>of Cotton.                   |
| 43143           | 26 Nov.                               | Higgler & Kupfer,<br>Palauzolo s/Oglio           | do.   | 67 tons of Cotton  |
| 43187           | 23 Nov.                               | Milino Centrale S.A.<br>Roma                     | -   | 50 tons of Milling<br>Machinery                          |
| 43704           | 30 Nov.                               | Lanificio Zegna,<br>Torino                       | Textile Overseas<br>Corporation,<br>New York  | 135 tons of Wool   |
| 43277           | 10 Dec.                               | S.A. Tessitura<br>Carlo Malocchi<br>& C., Milano | Anderson & Clayton,<br>Houston, Texas         | 30 tons of Cotton  |
| 44196           | 10 Dec.                               | Soc. Italo-Amer.<br>Com. Est. & Raffr.<br>Roma   | Main House,<br>New York                       | 120 tons of Turpentine                                   |

B) FROM U.K. (without payment in Sterling)



|   |         |  |   |  |
|---|---------|--|---|--|
| 42418                                       | 26 Oct. | Cotonificio Vallo<br>Ticino - Milano             | Am. Cotton Coop.<br>Ass. of Memphis,<br>Tenn. | 1,500 bales (330 tons)<br>of Cotton<br>(strict middling) |
| 42280                                       | 27 Oct. | Soranzo Michole,<br>Milano.                      | -   | 1 Treatment of Penicillin                                |
| 42770                                       | 16 Nov. | Mattei Virgilio &<br>La Sorsa Adolfo,<br>Roma    | -   | 2 Pelio Seta & Spinos<br>1 Fountain Pen                  |
| 43098                                       | 23 Nov. | Cotonif. Pelice<br>Fossati, Monza                | Anderson &<br>Cleyton, Houston,<br>Texas      | 700 bales (150 tons) of<br>Cotton (strict<br>middling)   |
| 43316                                       | 27 Nov. | Grup & Co.,<br>Milano                            | do.   | 5,000 bales (1,100 tons)<br>of Cotton.                   |
| 43143                                       | 26 Nov. | Niggler & Kunfer,<br>Palaszolo s/Oglio           | do.   | 67 tons of Cotton  |
| 43107                                       | 23 Nov. | Molino Centrale S.A.<br>Riva                     | -   | 50 tons of Milling<br>Machinery                          |
| 43704                                       | 30 Nov. | Londificio Zegna,<br>Torino                      | Textile Overseas<br>Corporation,<br>New York  | 155 tons of Wool   |
| 43277                                       | 10 Dec. | S.A. Tessitura<br>Carlo Malocchi<br>& C., Milano | Anderson & Cleyton,<br>Houston, Texas         | 30 tons of Cotton  |
| 44196                                       | 10 Dec. | Soc. Italo-Isra.<br>Com. Est. & Rappr.<br>Riva   | Main House,<br>New York                       | 120 tons of Turpentine                                   |
| E) FROM U.K. (without payment in Sterling.) |         |  |   |  |
| 42344                                       | 15 Nov. | Londificio P.lli<br>Filo, Biella                 | H. Dawson,<br>London                          | 100 tons of Wool   |
| 43713                                       | 10 Dec. | Pottinatura Lane,<br>Vercelli                    | H. Dawson,<br>London                          | (bright washed)<br>1500 tons of Wool                     |
| 44332                                       | 10 Dec. | S.A. Iacola, Milano                              | James Miller,<br>Glasgow                      | 15 tons metacresol                                       |



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APPENDIX (2)

| <u>Ref. No.</u>  | <u>Date</u> | <u>Importer</u>                                   | <u>Exporter</u>                           | <u>Goods</u>                                  |
|--|-------------|---|---|---|
| 43714  | 10 Dec.     | Pettin Sura<br>Lano-Varelli                       | Blank & Co.<br>Jugus Chambery<br>Broifera | 630 tons of Wool                              |
| 43715  | 10 Dec.     | Pattizators<br>Lano-Varelli                       | J. Hattingham &<br>Sons, Ltd.<br>Bradford | 130 tons of Wool                              |
| not numbered   |             | Cupillado<br>Parreras-Gonzalez                    | William Paernon<br>London                 | 180 tons of Tar Oil                           |
| 42721  | 10 Dec.     | Enrico Barri<br>Rosa on a Luigi<br>Botta Vercelli | H. Lawson<br>London                       | 20 tons of Wool                               |
| 42930  | 15 Nov.     | Lanificio Rossi                                   | UK & USA                                  | 1,400 tons of Wool                            |
| <p>- Group II : Permits approved in principle by .CG, but for which allocation is necessary either for the import, or for the eventual exports which the imports entail.</p> |             |   |   |   |
| 43648  | 30 Nov.     | Manifattura<br>Rossaris-Vareli<br>Calbisio        | Amerstrada Inc.<br>New York               | 41.750 tons<br>of cotton<br>(strict middling) |
| 43306  | 21 Nov.     | Sec. Sestini<br>Leglar -<br>Pavia S. Pietro       | Volbert Bros.<br>Inc. - New York          | 3,000 tons of<br>cotton                       |
| 44137  | 10 Dec.     | Sec. S. J. per il<br>Comitato Sestini<br>Novi.    | USA                                       | 30 tons of Fuel<br>Oil                        |
| <p>- Group III : Permits not yet approved by .CG owing to insufficient information available to enable .CG to request allocations.</p>                                       |             |   |   |   |
| 435065   | 30 Nov.     | Ontario<br>Sestini                                | USA                                       | 100 tons of <b>1026</b>                       |
| 43403  | 30 Nov.     | S. S. Sestini<br>Milano                           | USA through<br>Astor S. G.                | 70 tons of cotton                             |

|              |         |   |  |                     |
|--------------|---------|---|--|---------------------|
| 43715        | 10 Dec. | Pattinatore<br>Lane-Vercelli                        | J. Wittinghous &<br>Sons, Ltd.<br>Bradford | 150 tons of Wool    |
| not numbered |         | Guglielmo<br>Pecorello-Geno.                        | William Pearson<br>London                  | 100 tons of Tar Oil |
| 42721        | 10 Dec. | Maurice Darré<br>Bosch on e/Luigi<br>Totto Vercelli | H. Dawson -<br>London                      | 20 tons of Wool     |
| 42930        | 15 v.   | Lenificio Rossi                                     | USA & UK.                                  | 1,400 tons of Wool  |

- Group II : Permits approved in principle by A.C. but for which allocation is necessary either for the import, or for the eventual exports which the imports entail.

|       |         |   |                                  |   |
|-------|---------|---|----------------------------------|---|
| 43648 | 30 Nov. | Mobilfatura<br>Roussier-Vercel<br>Giliberto     | Marstrand Inc.<br>New York       | 41,750 tons<br>of cotton<br>(strict middling) |
| 43306 | 24 Nov. | Soc. Commerciale<br>Legier -<br>Forte S. Pietro | Volpert Bros.<br>Inc. - New York | 5,000 tons of<br>cotton                       |
| 44197 | 10 Dec. | Soc. S. per il<br>Commercio Romano<br>Rome.     | USA.                             | 30 tons of Wool<br>oil                        |

- Group III : Permits not yet approved by A.C. owing to lack of instant facts but available to enable A.C. to request allocations.

|       |         |                        |  |                         |
|-------|---------|------------------------|--|-------------------------|
| 43965 | 30 Nov. | Gottschalk<br>Breslau  | USA.                                   | 100 tons of <b>WU26</b> |
| 43405 | 30 Nov. | S. S. Schmid<br>Milano | USA through<br>Arthur S. G.<br>Yonkers | 70 tons of cotton       |

*4003 - 4049*  
OU GOING MESSAGE  
HEADQUARTERS ALLIED COMMISSION

90

FROM : H. ALCOM COMMERCE ( FOREIGN TRADE ) S/C

TO ( FOR ACTION ) : AGWAR FOR CCS FOR CGAC FOR CLAC

TO ( INFORMATION ) : WAROF ( LONDON ) FOR CABINET SECRETARIAT  
RPTD AFHQ FOR FHGG

DEC 27 1945

Ref.No. : 9551

Security Classification : UNCLASSIFIED

This is MOC 417.

Subject is Italo/Swedish agreement.

1. MOC 364, 392 and COM 339 refer.

2. Italo/Swedish agreement provides for exchange of goods value approximately 50 million Swedish crowns in 6 months, renewable for further 6 months periods until revoked by either country with one month notice. Increase of quotas of goods may be mutually agreed.

3. Agreement signed but awaiting exchange of notes to implement it. ALCOM have stated no objection to immediate implementation providing there is no shipment of outstanding RCL allocations which are now only citric acid, tartaric acid and 1946 balance of lemon oil.

4. ALCOM cannot understand why no action can be taken on MOC 392 when allocations requested in MOC 364 were considered without question in accordance with usual practice. By action in para 3, ALCOM is in effect policing Sweden's adherence to combined board regulations. This is of course an untenable position.

5. In view of short time, said to be 3 weeks, before Swedish ports ice up consider that delay in referring matter to Sweden would impose regrettable restrictions of both countries.

6. Request that you immediately either ( A ) act on MOC 392 or ( B ) confirm that we can forthwith tell Italian Government that so far as ALCOM responsibility is concerned there is no objection to finalization of Italo Swedish agreement.

Copy to : Economic Section

Precedence PRIORITY

Office of origin : Commerce ( Foreign Trade ) S/C

Tel. No. : 330

Signature : (S. J. S. K. I. SAUL )

Authenticated  
G. J. LEONE  
C/O US..  
Asst. Adjut

*4003 - 4049/EC*

*11/2*

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INCOMING MESSAGE

99

Originator's Reference: 36596/CA/16

Message Centre NO: G/6069

Date/Time of origin: 22DEC09:50

Date Rec'd: 22DEC09:5

Precedence: CP PRIORITY

FROM: WAE OFFICE

DEC 22 1969

TO : ALCOM REBE INFO AFM DAS WASHINGTON FOR OCAC

UNCLASSIFIED.

267 197 AND MOC 406 UNCLASSIFIED KEYS.

1. WE AWAIT NEW DRAFT RELEASE BUT IN MEANTIME IT MAY BE USEFUL TO COMMENT ON DRAFT IN MOC 403 UNCLASSIFIED. <sup>49</sup> THOUGH WE FELT EMPHASIS OF THIS DRAFT WAS WRONG WE THOUGHT ON WHOLE EFFECT OF ITS RELEASE IN ITALY WOULD BE BENEFICIAL AND THEREFORE DECIDED TO LET IT GO WITHOUT SUGGESTED AMENDMENT IN VIEW SHORTNESS OF TIME.
2. WE FEEL THAT DRAFT GIVES IMPRESSION OF DRAGGING ITALIAN GOVERNMENT BY ALLIED COMMISSION AND US NOT WISE TO RESUME PRIVATE TRADE UNTIL IT "PROMULGATES NECESSARY LEGISLATION". THIS IS SUGGESTED EVEN MORE STRONGLY IN LASTA SENTENCE OF DRAFT. ITALIAN GOVERNMENT WAS WISE TO STAKE PRIVATE TRADE WITH UK WHEN STATUTORY RULES AND ORDERS AUTHORIZING PERSON IN UK TO RESUME TRADE IN GOODS WITH ITALY WERE ISSUED ON 5th SEPTEMBER. WOULD NOT BE OUR PLACE TO INSIST ON ITALIAN GOVERNMENT SETTING UP EXPORT AND EXPORT LICENSING MACHINERY AND EXCHANGE CONTROL AS PRE-REQUISITES OF RESUMPTION OF PRIVATE TRADE ALTHOUGH WE FELT IN THEIR OWN INTEREST ITALIAN GOVERNMENT WOULD WANT TO DEVISE SUCH PROCEDURES FIRST.
3. IT IS NOT CORRECT TO SAY UK GOVERNMENT INFORMED ITALIAN GOVERNMENT ONLY AT

1022



1. WE AWAIT NEW DRAFT RELEASE BUT IN MEANTIME IT MAY BE USEFUL TO COLLECT ON DRAFT IN MOD 403 UNCLASSIFIED. THOUGH WE FELT EMPHASIS OF THIS DRAFT WAS WRONG WE THOUGHT ON WHOLE EFFECT OF ITS RELEASE IN ITALY WOULD BE BENEFICIAL AND THEREFORE DECIDED TO LET IT GO WITHOUT SUGGESTED AMENDMENT IN VIEW SHOUTNESS OF TIME.
2. WE FEEL THAT DRAFT GIVES IMPRESSION OF DRAGGING ITALIAN GOVERNMENT BY ALLIED COMMISSION AND WE NOT FREE TO RESUME PRIVATE TRADE UNTIL IT "PROBULGATES NECESSARY LEGISLATION". THIS IS SUGGESTED EVEN MORE STRONGLY IN LASTA SENTENCE OF DRAFT. ITALIAN GOVERNMENT WAS FREE TO START PRIVATE TRADE WITH UK WHEN STATUTORY RULES AND ORDERS AUTHORIZING TRAFFIC IN UK TO RESUME TRADE IN GOODS WITH ITALY WERE ISSUED ON 5th SEPTEMBER. WOULD NOT BE OUR PLACE TO INSIST ON ITALIAN GOVERNMENT SETTING UP IMPORT AND EXPORT LICENSING MACHINERY AND EXCHANGE CONTROL AS PRE-REQUISITES OF RESUMPTION OF PRIVATE TRADE ALTHOUGH WE FELT IN THEIR OWN INTEREST ITALIAN GOVERNMENT WOULD WANT TO DEVISE SUCH PROCEDURES FIRST.
3. IT IS NOT CORRECT TO SAY UK GOVERNMENT EXPORTED ITALIAN GOVERNMENT ONLY AT BEGINNING OF NOVEMBER THAT RESTRICTIONS ON PRIVATE TRADE BETWEEN THE 2 COUNTRIES HAD BEEN LIFTED SINCE UK ISSUED NECESSARY STATUTORY RULES AND ORDERS ON 5th SEPTEMBER (SEE PARA. 2 ABOVE).
4. MINISTRY FOOD WOULD ALSO LIKE ANY DRAFT TO MAKE IT CLEAR THAT MOST FOOD IMPORTS INTO UK WILL CONTINUE TO BE MADE BY GOVERNMENT PURCHASE.

1022

*Copy sent to PARADIA 20  
11/12/50  
by [signature]*

*See photo (97)*

*4/12/50*

*(FORNANCE COPY TO KC)*

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Message Centre NO. G/6069

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HEADQUARTERS ALLIED COMMISSION

DEC 17 1945

WOC AIRGRAM 126: 18 December 1945

TO : Combined Civil Affairs Committee  
(for Combined Liberated Areas Committee)  
3C-966 Pentagon Building  
WASHINGTON, D. C. (15 copies)

SUBJECT : INTERNATIONAL TRADE NEGOTIATIONS -  
Italian Foreign Trade

1. Attached for information are notes giving the current position of trade negotiations between Italy and countries other than the United States and the United Kingdom. The countries involved are: Belgium, Eritrea, the Netherlands, Poland, Russia, Spain, and Sweden.
2. Additions to and revisions of these notes will be sent from time to time as further negotiations develop.

*Harlan Cleveland*

HARLAN CLEVELAND  
Acting Vice President  
Economic Section

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Enclosures.

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2. Additions to and revisions of these notes will be sent from time to time as further negotiations develop.

*Handwritten:* 1021  
HARLAN CLEVELAND  
Acting Vice President  
Economic Section

Enclosures.

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(initials)

HEADQUARTERS ALLIED COMMISSION  
Committee (Foreign Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : BELGIUM

The Ministry of Foreign Affairs states that the goods offered by Belgium would contribute usefully to the reconstruction of Italy (see table 1 attached). Italy has submitted a list of goods which she proposes to offer in exchange (see table 2) but Belgium has requested that these should be augmented by other items, notably artificial dyestuffs and typewriters. (see table 3).

Quite apart from any screening to which these various lists may be subject, the quantities and range of goods are by no means final as Belgium has undertaken to submit further lists.

The state of old accounts is rather obscure as the Italo-Belgian clearing was absorbed by the Italo-German clearing after the occupation of Belgium. A preliminary survey indicates that the situation is approximately balanced.

No action will be taken by Allied Commission to obtain allocation of any of the controlled commodities concerned until the quantities thereof are considered to be firm. However, screening of the lists in tables 2 and 3 against the basic supply program is in hand so that any objection which may be made may be communicated to the Italian Government without delay.

An Italian delegation is going to Belgium during the week ending December 15, 1945 but any agreements will be signed finally in Rome.

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FREDK. W. ROOBY, Lt. Colonel, R. A.  
Director  
Commerce (Foreign Trade) Sub-Commission



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TABLE 1.

BELGIAN PRODUCTS TO BE EXPORTED TO ITALY

## BELGIAN PROPOSALS

| Goods  | Quantities<br>(K. tons) | Value<br>(1000 Belgian<br>francs) | (Figures are<br>approximate) |  |
|--|-------------------------|-----------------------------------|------------------------------|--|
|  |                         |                                   |                              |  |
| Products of the iron and<br>steel industry.          | 8,000                   | 24,000                            |                              |  |
| Zinc-white   | 1,000                   | 14,000                            |                              |  |
| Glassware  | 3,500                   | 62,000                            |                              |  |
| Glassware of val. St. Lambert                        | 30                      | 1,000                             |                              |  |
| Glasses and other glass arti-<br>cles (gobelateries) |                         |                                   |                              |  |
| Machine tools  | 1,500                   | 2,000                             |                              |  |
| Textile Machinery                                    | 300                     | 40,000                            |                              |  |
| Machins and tools                                    | 100                     | 50,000                            |                              |  |
| Hunting guns   |                         | 10,000                            |                              |  |
| Iron rolled sheets                                   | 3,000                   | 10,000                            |                              |  |
| Iron drawn sheets                                    | 500                     | 20,000                            |                              |  |
| Telephones   | 15                      | 4,000                             |                              |  |
| Other products of the iron<br>& steel industry viz:  |                         | 5,000                             |                              |  |
| Wires and cable                                      | 1,000                   |                                   |                              |  |
| Cables, springs and malios-<br>ble cast iron.        | 100                     |                                   |                              |  |
| Galvanized and mechanical<br>corks, electroder.      |                         |                                   |                              |  |
| Products for the radiography,                        |                         |                                   |                              |  |

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| Goods   | Quantities<br>(M. tons) | Value<br>(000 Belgian<br>Francs) |
|---|-------------------------|----------------------------------|
| (Figures are approximate)   |                         |                                  |
| Products of the iron and steel industry.  | 3,000                   | 34,000                           |
| Zinc-white  | 1,000                   | 14,000                           |
| Glassware   | 3,500                   | 52,000                           |
| Glassware of Vei. St. Lambert   | 30                      | 1,000                            |
| Glasses and other glass articles (gobeleteries)   |                         | 2,000                            |
| Machine tools   | 1,000                   | 10,000                           |
| Textile Machinery   | 900                     | 50,000                           |
| Machine and tools   | 100                     | 10,000                           |
| Hunting guns  |                         | 10,000                           |
| Iron rolled sheets  | 2,000                   | 20,000                           |
| Iron drawn sheets   | 600                     | 4,000                            |
| Telephones  | 15                      | 5,000                            |
| Other products of the iron & steel industry viz:  |                         |                                  |
| Wires and nails   | 1,000                   |                                  |
| Cables, springs and mill-ble steel iron.  | 100                     |                                  |
| Galvanized and mechanical cast. electrodes.   |                         |                                  |
| Products for the radiography, cinematography, graphical and photographic industrial trim: |                         |                                  |
| Finished  | 280                     | 30,000                           |
| unfinished  | 20                      | 3,000                            |
| Sundry chemicals  |                         | 15,000                           |
| APPROXIMATE TOTAL   |                         | <u>281,000</u>                   |

- 3 -

TABLE 2.

ITALIAN PRODUCTS TO BE EXPORTED TO BELGIUM

## ITALIAN PROPOSALS

| Goods  | Quantities<br>(metric tons) | Value<br>(000 Liras) |
|--|-----------------------------|----------------------|
| Oranges and tangerines                             | 1,000                       | 25,000               |
| Lemons   | 2,000                       | 36,000               |
| Shelled almonds                                    | 300                         | 39,000               |
| Hazelnuts  | 100                         | 10,000               |
| Nuts   | 50                          | 3,500                |
| Pistachios   | 1                           | 230                  |
| Licorice roots                                     | 200                         | 4,000                |
| Licorice juice                                     | 200                         | 40,000               |
| Medicinal plants                                   | 100                         | 6,000                |
| Juniper berries                                    | 100                         | 4,500                |
| Nonleguminous seeds for meadows<br>(Luzerne seeds) | 60                          | 8,500                |
| Nonleguminous seeds for orchards                   | 50                          | 25,000               |
| Larval leaves                                      | 20                          | 600                  |
| Mustard seeds                                      | 100                         | 3,000                |
| Sunne  | 500                         | 20,000               |
| Wines  | 1,500                       | 50,000               |
| Vermouth   | 200                         | 40,000               |
| Essential oils                                     | 2.5                         | 5,000                |
| Citrus fruits juices                               | 100                         | 2,000                |
| Fruits and citrus fruits pulps                     | 1,000                       | 30,000               |
| Raw Hemp   | 500                         | 34,000               |
| Raw hemp tow                                       | 200                         | 7,000                |
| Hat felts  | 200,000 units               | 70,000               |
| Felt hats for gentlemen                            | 30,000 units                | 18,000               |
| Felt hats for ladies                               | 20,000 units                | 14,000               |
| Straw hats   | 10,000 units                | 3,000                |
| Raw marble   | 4,000                       | 40,000               |
| Sulphur  |                             |                      |

| Goods  | Quantities<br>(metric tons) | Value<br>(000 Liras) |
|--|-----------------------------|----------------------|
| Oranges and tangerines                             | 1,000                       | 25,000               |
| Lemons   | 2,500                       | 36,000               |
| Shelled almonds                                    | 500                         | 39,000               |
| Hazelnuts  | 100                         | 10,000               |
| Nuts   | 50                          | 3,500                |
| Pistachios   | 1                           | 230                  |
| Licorice roots                                     | 500                         | 4,000                |
| Licorice juice                                     | 200                         | 40,000               |
| Medicinal plants                                   | 100                         | 6,000                |
| Juniper berries                                    | 100                         | 4,500                |
| Nonoleaginous seeds for meadows<br>(Lucerne seeds) | 50                          | 8,500                |
| Nonoleaginous seeds for orchards                   | 50                          | 26,000               |
| Laurel leaves                                      | 20                          | 600                  |
| Mustard seeds                                      | 100                         | 3,000                |
| Suzenc   | 500                         | 20,000               |
| Winos  | 1,500                       | 90,000               |
| Vermouth   | 200                         | 40,000               |
| Essential oils                                     | 2.5                         | 5,000                |
| Citrus fruits juices                               | 100                         | 2,000                |
| Fruits and citrus fruits pulps                     | 1,000                       | 30,000               |
| Raw Hemp   | 600                         | 35,000               |
| Raw hemp tow                                       | 200                         | 7,000                |
| Hat felts  | 200,000 units               | 70,000               |
| Felt hats for gentlemen                            | 30,000 units                | 18,000               |
| Felt hats for ladies                               | 20,000 units                | 14,000               |
| Straw hats   | 10,000 units                | 3,000                |
| Raw marble   | 4,000                       | 40,000               |
| Sulphur  | 1,000                       | 8,000                |
| Mercury  | 40                          | 24,000               |
| Handicraft products                                | -                           | 10,000               |
| TOTAL  |                             | <u>621,330</u>       |

TABLE 3.

ITALIAN PRODUCTS TO BE EXPORTED TO BELGIUM

## BELGIAN PROPOSALS

| Goods  | Quantities<br>(M. tons) | Value<br>(000 Belgian<br>Francs) |
|--|-------------------------|----------------------------------|
| (Figures are approximate)  |                         |                                  |
| Artificial dyes, viz:<br>blue hydrons (alloy of<br>lead and sodium) - sulphur<br>blue - sulphur black -<br>vat colors. |                         |                                  |
| Chromium and direct acid colors.   | 300                     | 40,000                           |
| Bentonite  | 500                     | 1,500                            |
| Graphite   | 200                     | 500                              |
| Pumice stone   | 1,500                   | 3,000                            |
| Barium sulphate  | 3,000                   | 4,200                            |
| Talc   | 1,000                   | 1,500                            |
| Earth-colors   | 500                     | 1,100                            |
| Typewriting machines (minimum)   | 3,000 units             | 18,000                           |
|  | APPROXIMATE TOTAL       | <u>90,100</u>                    |

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MEMBERS ALIEN COMMISSION  
Commerce (Foreign Trade) Sub-Committee  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : EGYPT

---

Com. Eugenio Spinelli, a prominent industrialist of Britain and Egypt and import/exporter of Britain, arrived in Italy recently for the purpose of examining and studying the possibilities of a tripartite agreement for trade among the three countries, Italy, Britain, and Egypt. His visit to Italy had the endorsement of both the Controller of Finance and Accounts in the Civil Affairs Branch of Cairo and the Trade Commissioner of the British Military Administration of Britain.

Attached is a summary of Com. Spinelli's views and recommendations on trade among the three nations, Italy, Britain, and Egypt.

Com. Eugenio Spinelli, a prominent industrialist of Eritrea and Egypt and expert of Eritrea, arrived in Italy recently for the purpose of examining and studying the possibilities of a tripartite agreement for trade among the three countries, Italy, Eritrea, and Egypt. His visit to Italy had the endorsement of both the Comptroller of Finance and Accounts in the Civil Affairs Branch of Cairo and the Trade Commissioner of the British Military Administration of Eritrea.

Attached is a summary of Com. Spinelli's views and recommendations on trade among the three nations, Italy, Eritrea, and Egypt.

FUHEK. W. TOCHI, Lt. Colonel, R. A.  
Director  
Genarates (Foreign Trade) Sub-Organization

HEADQUARTERS ALLIED COMMISSION  
Commerce (Foreign Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PAGE I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : ERIITRA

Eritrea is, at present, in a favorable position to commence trade with Italy by exporting to Italy the following supplies :

- Fresh bovine, ovine, and pork
  - Poultry and eggs
  - Potatoes, tomatoes
  - Coffee
  - Farinaceous foods
  - Hides and boots
  - Trochus, madrepora, koroza for buttons
  - Buttons made of dum-pala core, trochus or madrepora.
- (the above commodities are available in considerable quantities and at reasonable prices.)

Minor products such as : matches, beer, artificial wines, liquors, glassware, earthenware, brims (cylinders), euphorbia, timber, and other less important goods.

1017

By so doing Eritrea supplies to Italy sorely needed food supplies and at the same time provides a means of employment for her own population.

However, because of the inflated Italian market price, it is not advantageous for Eritrea to import goods from Italy with the possible exception of :

Eritrea is, at present, in a favorable position to commence trade with Italy by exporting to Italy the following supplies:

Fresh bovine, ovine, and pork  
 Poultry and eggs  
 Potatoes, tomatoes  
 Coffee  
 Ferrous foods  
 Hides and boots  
 Trocks, androere, korozo for buttons  
 Buttons made of dum-palm core, trocks or madrapore.  
 (The above commodities are available in considerable quantities and at reasonable prices.)

Minor products such as: matches, beer, artificial wines, liquors, glassware, earthenware, brass nails, logs, euphorbia, timber, and other less important goods.

1017

By so doing Eritrea supplies to Italy sorely needed food supplies and at the same time provides a means of employment for her own population.

However, because of the inflated Italian market price, it is not advantageous for Eritrea to import goods from Italy with the possible exception of:

Small shipments of bottled wines and vermouths  
 Motors and machinery  
 Spare motor parts  
 Seeds for horticulture and fruit orchards.

There is a fair demand in Eritrea for these imports.

In Egypt, on the contrary, there are considerable available funds in appreciated currencies and the following imports from Italy would therefore be in great demand.

- Wine (Castelli Romani, Chianti), vermouth, liquors
- Citric acid
- Burano glasswork, chinaware, earthenware, artistic ceramics
- Covers and cutlery
- Nature's silk threads; silk, rayon, wool, cotton, linen and hemp stuffs.
- Leather gloves
- Porcelains
- Hats
- Sicilian sausage

Because these goods would be in competition to a certain extent with Egyptian made goods, they would necessarily have to be of the best quality.

Having outlined above the comparative supply situation in Italy, Eritrea, and Egypt, Mr. Spinelli's proposed trade with these countries should be carried out as follows:

Italy will import from Eritrea some of the above-mentioned products which will be paid for in East-African currency by an Egyptian financial organization which, to reimburse itself, will import from Italy products required by the Egyptian market. The commodities purchased in Italy for export to Egypt will be paid for in Italian currency from the proceeds of sale in Italy of goods imported from Eritrea.

To effectuate the above transactions it is necessary to take into account the present shipping difficulties.

In this connection, it is suggested that non-perishable commodities be shipped to Ismailia (Egypt) using the monthly ship operated by the Italian Government for supplying the Italian ships interned at Ismailia. From there the goods could be transferred by railway up to the rail-head and then re-shipped to Massawa by the Medival Company liners.

This should be only a temporary arrangement. Negotiations are already underway for the purchase of a 1,000/2,000 ton ship to be assigned to the Mediterranean-Red Sea trade. In due time a full statement of the above transactions will be made in order to secure the necessary authorizations.

In the event this plan is considered feasible it is necessary to have a general over-all permit in order to negotiate the purchases and the sales of the products for import and export.



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Having outlined above the cooperative supply situation in Italy, Britain, and Egypt, Mr. Spinelli's proposed trade with these countries should be carried out as follows:

Italy will import from Britain some of the above-mentioned products which will be paid for in East-African currency by an Egyptian financial organization which, to reimburse itself, will import from Italy products required by the Egyptian market. The commodities purchased in Italy for export to Egypt will be paid for in Italian currency from the proceeds of sale in Italy of goods imported from Britain.

To effectuate the above transactions it is necessary to take into account the present shipping difficulties.

In this connection, it is suggested that non-perishable commodities be shipped to Ismailia (Egypt) using the monthly ship operated by the Italian Government for supplying the Italian ships interned at Ismailia. From there the goods could be transferred by railway up to the rail-head and then re-shipped to Massara by the Knedivial Company liner.

This should be only a temporary arrangement. Negotiations are already underway for the purchase of a 1,000/2,000 ton ship to be assigned to the Mediterranean-Red Sea trade. In due time a full statement of the above transactions will be made in order to secure the necessary authorizations.

In the event this plan is considered feasible it is necessary to have a general over-all permit in order to negotiate the purchases and the sales of the products for import and export.

The situation at present is such as to make it possible to import into Italy from Egypt 15,000 bales of raw cotton to be worked into cotton threads and cotton cloth for re-export to Egypt. The terms of this transaction could be the same as for the first tentative shipment of 6.5 quintals of raw cotton and 135 quintals of raw wool of British production now enroute to Italy for manufacture and re-export in accordance with the permit issued by the

- 3 -

the Italian Ministry of Commerce and letter No. 42736/834 of 10 November 1945. The names of the Italian mills selected for this manufacturing will be furnished as soon as discussions with the industrialists regarding terms of production etc. are concluded.

All the above transactions, though resulting in a certain amount of personal profit, are very vital for the resumption of trade and commercial relations between Italy and other countries.

/ s / MICHIO SPINELLI

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HEADQUARTERS ALLIED COMMISSION  
 Commerce (Foreign Trade) Sub-Commission  
 Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : THE NETHERLANDS

Details of the proposed clearing plan between Italy and the Netherlands are not very complete. The plan provides for an exchange of goods to the value of 1,100,000 Dutch florins. No quantities of goods are given but the main items are :

Italian exports :

|                 |               |                  |
|-----------------|---------------|------------------|
| Citrus fruits   | Dutch florins | 717,000          |
| Seeds           | "             | 260,000          |
| Herbs           | "             | 13,000           |
| Fruit pulps     | "             | 10,000           |
| "Tomografi" and | "             |                  |
| "Granografi"    | "             | 100,000          |
|                 | Dutch         |                  |
|                 | florins       | <u>1,100,000</u> |

Netherlands exports :

|                        |               |                  |
|------------------------|---------------|------------------|
| Potatoes for sowing    | Dutch florins | 600,000          |
| Electrical material    | "             | 350,000          |
| Flower bulbs           | "             | 100,000          |
| Vegetable garden seeds | "             | 50,000           |
|                        | Dutch         |                  |
|                        | florins       | <u>1,100,000</u> |

These particulars are not sufficiently detailed to enable Allied Commission to obtain allocations of the controlled

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Italian exports :

|                 |               |           |
|-----------------|---------------|-----------|
| Citrus fruits   | Dutch florins | 717,000   |
| Seeds           | "             | 260,000   |
| Herbs           | "             | 13,000    |
| Fruit pulps     | "             | 10,000    |
| "Tomografi" and | "             |           |
| "Granografi"    | "             | 100,000   |
|                 | Dutch         |           |
|                 | florins       | 1,100,000 |

Netherlands exports :

|                        |               |           |
|------------------------|---------------|-----------|
| Potatoes for sowing    | Dutch florins | 600,000   |
| Electrical material    | "             | 350,000   |
| Flower bulbs           | "             | 100,000   |
| Vegetable garden seeds | "             | 50,000    |
|                        | Dutch         |           |
|                        | florins       | 1,100,000 |

These particulars are not sufficiently detailed to enable Allied Commission to obtain allocations of the controlled commodities. Accordingly, the Ministry of Foreign Affairs has been requested to elaborate its proposals.

FRED. W. TOOMEY, Lt. Colonel, R. A.  
Director  
Commerce (Foreign Trade) Sub-Commission

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NEW ALLIED COMMISSION  
Committee (Foreign Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945  
SECTION : POLAND

Negotiations have been in progress since last August with a view to recommending trade with Poland.

Italy is anxious to obtain coal from any available source in order that industries in the North can increase production.

Recently, an Italian Trade Mission visited Warsaw to discover whether Poland was prepared to supply some of the coal required. The Mission ascertained that Poland is in a position to supply 720,000 tons yearly and that it is technically possible to move such coal into Italy.

The Italian Government suggests that payment should be made by opening a dollar account in favor of the Polish Government, representing cash to be used in Italy for the purchase of certain specified commodities.

The commodities offered to Poland are shown in attached tables.

Some of these goods are controlled by the Combined Boards. So far the only allocation asked for and granted is in respect of the 12,000 tons of Lignite.

The Italian Government realizes that many of the other commodities which it proposes to make available to Poland are in very short supply on the Italian home market. Nevertheless it contends that the importance of acquiring the coal is such that the exports are justifiable.

As the proposal to import a very large quantity of coal from Poland has only just been submitted to the Allied Commission it has not yet been possible for all the interested authorities to be consulted and no decision may be expected for some time.

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Italy is anxious to obtain coal from any available source in order that industries in the North can increase production.

Recently, an Italian Trade Mission visited Warsaw to discover whether Poland was prepared to supply some of the coal required. The Mission ascertained that Poland is in a position to supply 725,000 tons yearly and that it is technically possible to move such coal into Italy.

The Italian Government suggests that payment should be made by opening a dollar account in favor of the Polish Government, representing cash to be used in Italy for the purchase of certain specified commodities.

The commodities offered to Poland are shown in attached tables.

Some of these goods are controlled by the Combined Boards. So far the only allocation asked for and granted is in respect of the 12,500 tons of lenses.

The Italian Government realizes that many of the other commodities which it proposes to make available to Poland are in very short supply on the Italian home market. Nevertheless it contends that the importance of acquiring the coal is such that the exports are justifiable.

As the proposal to import a very large quantity of coal from Poland has only just been submitted to the Allied Commission it has not yet been possible for all the interested authorities to be consulted and no decision may be expected for some time.

NOTE: (It is now understood that allocations of certain (as yet unspecified) RCL items to Poland are not necessary since Poland does not receive all allocations from Combined Boards. Clarification of the extent of the Combined Boards interest in Poland, if any, has been requested from Washington.)

FRANK W. TOOMEY, Lt. Colonel, R....  
Director

Comarco (Foreign Trade) Sub-Commission

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TABLE 1

ITALIAN COMMODITIES TO BE EXPORTED TO POLAND

| COMMODITY  | QUANTITY<br>(metric tons) |
|--|---------------------------|
| Lemons   | 12,000                    |
| Oranges  | 7,000                     |
| Tangerines   | 1,000                     |
| Almonds (shelled)  | 300                       |
| Hazelnuts (shelled)  | 150                       |
| Pistachios (shelled)                                       | 0.5                       |
| Peanuts (shelled)  | 2                         |
| Walnuts  | 10                        |
| Fruit pulps  | 1,000                     |
| Essential oils   | 3                         |
| Almond oil   | 25                        |
| Citrus juices  | 50                        |
| Licorice root  | 5                         |
| Licorice juice   | 5                         |
| Medical herbs  | 20                        |
| Oryza  | 5                         |
| Juniper berries  | 10                        |
| Nucleogenous seeds   | 50                        |
| Lucerne seeds and others                                   | 10                        |
| Mustard seed   | 10                        |
| Sugar  | 20                        |
| Raw cork   | 50                        |
| Raw silk   | 40                        |
| Silk waste yarn  | 70                        |
| Silk fabrics   | 1                         |
| Goods of celluloid, bakelite, and other plastic materials. | 10                        |
| Pipes  | 1                         |
| Brushes and paint brushes                                  | 10                        |
| Zinc minerals  | 10,000                    |
| Mercury  | 25                        |
| Sulphur  | 500                       |
| Paralox stone  | 100                       |
| Magnesium sulphate   | 5                         |
| Martite  | 1,000                     |

|  |                      |
|--|----------------------|
| Lemons   | 12,000               |
| Oranges  | 7,000                |
| Tangerines   | 1,000                |
| Almonds (shelled)  | 300                  |
| Hazelnuts (shelled)  | 150                  |
| Pistachios (shelled)                                       | 0.5                  |
| Peanuts (shelled)  | 2                    |
| Walnuts  | 10                   |
| Fruit pulp   | 1,000                |
| Essential oils   | 3                    |
| Almond oil   | 25                   |
| Citrus juices  | 50                   |
| Licorice root  | 5                    |
| Licorice juice   | 5                    |
| Medicinal herbs  | 20                   |
| Orris  | 5                    |
| Gum arabic berries   | 10                   |
| Nonfibrous woods   | 50                   |
| Lacerns resin and others                                   | 10                   |
| Mustard seed   | 10                   |
| Gumac  | 20                   |
| Raw cork   | 50                   |
| Raw silk   | 10                   |
| Silk waste yarn  | 50                   |
| Silk fabrics   | 10                   |
| Goods of cellulose, bakelite, and other plastic materials. | 1                    |
| Pipes  | 10                   |
| Brushes and paint brushes                                  | 10,000               |
| Zinc minerals  | 25                   |
| Mercury  | 500                  |
| Sulphur  | 100                  |
| Juniper stone  | 2                    |
| Hydrogen sulphate  | 1,000                |
| Marble   | -                    |
| Marble products  | -                    |
| Dico straw   | -                    |
| Bath   | -                    |
| Artisan products   | -                    |
| Wine   | -                    |
| Vermouth   | 1,500 bacteriometers |
| Accordians   | 1,000 bacteriometers |
| Citrus peels   | 500 units            |
|  | 50                   |

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TABLE 2ITALIAN COMMODITIES TO BE EXPORTED TO POLAND

Tractors,  
 Diesel motors, gas motors, turbines,  
 Optical instruments,  
 Nautical and navigation instruments,  
 apparatus for luminous projections,  
 Measuring apparatus and instruments,  
 Low powered electric motors,  
 Pumps (motor-pumps and hand-pumps),  
 Electric apparatus for automobiles,  
 Telephones and telegraph apparatus,  
 apparatus for cinema projectors (talking),  
 for radio-telephony, for radio-telegraphy,  
 (receiving and transmitting), and spare  
 parts for same.  
 Typewriters.  
 Calculating machines, adding machines etc.  
 Sewing machines.  
 Machines for mills and paste-making establish-  
 ments.  
 Machines for brick manufacture.  
 Registrars and spare parts.  
 Machines for spinning, weaving, knitting etc.  
 Machine tools (lathes, presses, milling-  
 machines, planing-machines etc.)  
 Presses, mallets and hydraulic-hammers.  
 Steam generating boilers.  
 Lifting apparatus.

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TABLE 3

COMMODITIES TO BE EXPORTED TO POLAND

Productions which could be affected by the Italian industry provided that the necessary main raw materials are previously supplied :

Electric locomotives, motor driven engines (tramway and railway etc.)  
Railway engines (open and closed)  
Naval constructions in general

As far as locomotives and other heavy electrical materials are concerned, the production would also be possible subject however to Poland being able to supply magnetic plate.

NOTE : The Polish Government was presented with the above tables 1, 2, and 3. It is believed, however, that Poland will limit purchases to tables 2 and 3.



HEADQUARTERS ALLIED COMMISSION  
Commerce (Foreign Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

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The attached document is a memorandum received by

Allied Commission on 3 December 1945 from the Italian Ministry

of Foreign Affairs on the latest status of the Italo-Soviet

Trade negotiations.

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PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

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FRED. W. TOOMEY, Lt. Colonel, R. A.  
Director  
Comarce (Foreign Trade) Sub-Commission

HEADQUARTERS ALLIED COMMISSION  
Commerce (Foreign Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

MEMORANDUM FOR THE ALLIED COMMISSION  
FROM  
Italian Ministry of Foreign Affairs

SUBJECT : Italo-Soviet Trade Negotiations

Reference is made to Allied Commission's note  
AC/5127/A/Commerce, dated 20 November 1945.

During the exchange of views which has taken place  
between the Italian ambassador in Moscow and the Soviet Govern-  
ment, the possibility of a resumption of Italo-Soviet trade re-  
lations has been considered.

It has been suggested, on the Italian side, that  
Italy could export industrial products to the USSR (viz. the  
articles in which the Soviets are mainly interested) provided  
that the raw materials needed for the manufacture of said pro-  
ducts be supplied in advance by the Soviet Union.

The Soviet Government has expressed its agreement  
in principle to the above conditions and has asked for further  
details concerning the products which Italy could supply to the  
Soviet Union.

An official of the Ministry for Foreign Affairs,  
Economic Affairs Department, has consequently gone to Milan for

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

MEMORANDUM FOR THE ALLIED COMMISSION  
From  
Italian Ministry of Foreign Affairs

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The Soviet Government has expressed its agreement in principle to the above conditions and has asked for further details concerning the products which Italy could supply to the Soviet Union.

An official of the Ministry for Foreign Affairs, Economic Affairs Department, has consequently gone to Milan for a survey, to be carried out through personal interviews with the interested manufacturers, tending to ascertain whether the Italian industries have the possibility to meet the special requirements of the Soviet Government. This survey has been confined for the time being to the field of mechanical industries.

The goods, mainly raw materials, which Italy desires to obtain from the USSR, as counterpart of its own supplies, ought to be considered in the framework of the Italian proposals.

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The Soviet Government has, moreover, evinced a special interest in the possibility of having vessels built in the Italian shipyards, and the Ministry for Foreign Affairs hastened - through the Italian Embassies in London and Washington - to inform thereof the British and United States Governments. The reply has been to the effect that no objections are raised in principle, provided no war-ships are built. It may be added that, on the Italian side, it was already intended to limit the offer to the construction of mercantile ships.

Rome  
1 December 1945

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HEADQUARTERS ALLIED COMMISSION  
Genova (Foreign Trade) Sub-Commission  
Genoa, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : TRADE

Settlement of the Spanish debt to Italy is a factor in the establishment of a trade agreement between the two countries. Under date of 27 October 1945, the Ministry of Foreign Affairs stated that, the Italian and Spanish commercial delegations in Madrid have reached an agreement, along general lines, which provides for a stop exports from Spain to Italy than from Italy to Spain.

The resulting difference between Italy's imports and exports will be covered by consolidating or converting into payments some instalments of the Spanish War Loan.

The following are the chief items of controlled commodities which figure in the projected agreement :

SPANISH EXPORTS

|                   |                |
|-------------------|----------------|
| Ox skins          | 500 Tons       |
| Sheep skins       | 500 Tons       |
| Lead              | 5,000 Tons     |
| Turkey in oil     | 3,000 Tons     |
| Other fish in oil | 3,000 Tons     |
| Olive oil         | 200 Tons       |
| Salted fish       | 1,600 Tons     |
| Copper            | 200 Tons       |
| Shoes             | 3,000,000 Lire |
| Ground wood       | 4,000 Tons     |
| Cocoa             | 400 Tons       |

Settlement of the Spanish debt to Italy is a factor in the establishment of a trade agreement between the two countries. Under date of 27 October 1945, the Ministry of Foreign Affairs stated that, like Italy in the Spanish commercial negotiations in Madrid have reached an agreement, along general lines, which provides for a 25 per cent export from Spain to Italy than from Italy to Spain.

The resulting difference between Italy's imports and exports will be covered by consolidating or converting into payments some instalments of the Spanish War Loan.

The following are the chief items of controlled commodities which are in the projected agreement :

SPANISH EXPORTS

|                       |                 |
|-----------------------|-----------------|
| Ox skins              | 500 Tons        |
| Sheep skins           | 500 Tons        |
| Lead                  | 5,000 Tons      |
| Turkey in oil         | 3,000 Tons      |
| Other fish in oil     | 3,000 Tons      |
| Olive oil             | 200 Tons        |
| Salted fish           | 1,600 Tons      |
| Copper                | 200 Tons        |
| Shoes                 | 3,000,000 Pairs |
| Ground wood           | 4,000 Tons      |
| Opium                 | 400 Tons        |
| Potassium fertilizers | 2,000 Tons      |

ITALIAN EXPORTS

|                             |            |
|-----------------------------|------------|
| Raw hemp                    | 500 Tons   |
| Combed hemp                 | 100 Tons   |
| Carriage and hoop           | 50 Tons    |
| Stuffs for jeans            | 1,000 Tons |
| Essential oils and essences | 50 Tons    |
| Citric acid                 | 50 Tons    |
| Orchard seeds               | 50 Tons    |
| Meadow seeds                | 40 Tons    |

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Figures listed are not firm. Confirmation has been requested.

In addition to the above items for which allocations have been requested, the Italian Government has negotiated for the supply, by Spain, of 8,000 to 10,000 tons of colophony (rosin). Allied Commission is unable to agree to this proposal owing to the critical world shortage. The British Commercial Attaché in Madrid has informed the Italian Commercial Attaché in Madrid that there would be objection to the export of colophony (which was already known), cocoa, and fish in oil.

It is not known whether this view will be confirmed by the Combined Board but when application for allocation is made to Washington, a decision will be transmitted to AC.

However, there is in London a rosin working group, under the auspices of the Ministry of Supply, in which are representatives of the chief European rosin-producing countries. Their function is to elicit available supplies on an equitable basis. They work with the approval and cooperation of the Combined War Materials Board in Washington to whom they are subordinate in that any allocation must be formally confirmed by the Board.

Hitherto Italy has not been represented on this working group but the Ministry of Supply has indicated its readiness to recommend that Italy shall be admitted to membership. This suggestion has been put to the Italian Government and the Italian Government has confirmed that it desires to join this rosin working group and has signalled to its Embassy in London appointing Sig. Signorilli as the Italian representative. The advantage to Italy would be considerable for she would be able to assure herself that, although the Allied authorities do not agree to Spain supplying a large amount of colophony to Italy, she would receive a fair share of the available European supplies.

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FRED. W. TOBY, Lt. Colonel, R. ...  
Director  
Comares (Foreign Trade) Sub-Commission

EUROPEAN ECONOMIC COMMUNITY  
COMMISSION (European Trade) Sub-Commission  
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PAGE 1 : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SUBJECT : SWEDEN

A trade agreement for a period of six months, renewable for further periods of six months unless terminated by either party at one month's previous notice, has been approved by the Swedish Government. The Italian and Swedish Governments are signing the agreement, which will become immediately effective, subject to the undertaking NOT to move any RCL items unless and until the allocations are made by the Combined Boards. Setlement of the old Ital-Swedish clearing has been postponed to a later date.

The Swedish agreement is the most advanced of all the present negotiations. Comprehensive lists of goods concerned have been received and allocation has been requested of all the controlled commodities, with the exception of one item about which further technical clarification is sought.

See attached table 1 and table 2 concerning Italian and Swedish goods.



PART I : INTERNATIONAL TRADE RESTRICTIONS 11 December 1945

SECTION : SWEDEN

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See attached table 1 and table 2 concerning Italian and Swedish goods.

FRED. W. TOCCHI, Lt. Colonel, R.A.A.  
Director  
Commerces (Foreign Trade) Sub-Commission

SWEDISH COMMODITIES TO BE IMPORTED INTO ITALY

TABLE 1

| GOODS   | QUANTITY    | VALUE<br>(millions of kronor) |
|---|-------------|-------------------------------|
| Iron and steel                                |             | 4.5                           |
| Machinery, tools and<br>precision instruments |             | 4.5                           |
| Wood for packing                              |             | 0.25                          |
| Insulation panels                             |             | 0.25                          |
| Mechanical wood pulp, dried                   |             | 0.5                           |
| Rayon cellulose                               | 44,000 tons | 26.0                          |
| Noble cellulose                               | 2,000 tons  |                               |
| Paper cellulose                               | 15,000 tons |                               |
| Paper and paper board                         |             | 3.5                           |
| Other commodities                             |             | 3.5                           |

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TABLE 2ITALIAN COMMODITIES TO BE EXPORTED TO SWEDEN

| COMMODITIES   | Semi-annual<br>Quantity<br>(in tons) | VALUE<br>(in kronor) |
|---|--------------------------------------|----------------------|
| Oranges   | 5,000                                |                      |
| Lemons  | 2,000                                |                      |
| Citrus fruit in brine   | 100                                  |                      |
| Fruit pulps   | 250                                  |                      |
| Orange peels  | 80                                   |                      |
| Almonds   | 500                                  |                      |
| Shelled hazelnuts   | 500                                  |                      |
| Flower seeds  | 20                                   |                      |
| Straw broids  | 10                                   |                      |
| Licorice root   | 50                                   |                      |
| Orange Juice  | 100                                  |                      |
| Wine, vermouth and liqueurs   | 3,000                                |                      |
| Asbestos fibre  | 50                                   |                      |
| Talc  | 100                                  |                      |
| Pumice stone  | 500                                  |                      |
| Citric acid   | 100                                  |                      |
| Tartaric acid   | 100                                  |                      |
| Salt  | 10,000                               | 100,000              |
| Chemicals   |                                      |                      |
| Almond oil  | 10                                   |                      |
| Lemon oil   | 10                                   |                      |
| Other volatile oils   | 5                                    |                      |
| Cork  | 50                                   |                      |
| Hemp  | 800                                  |                      |
| Silk yarn   | 20                                   |                      |
| Rayon   | 350                                  |                      |
| Hemp yarn, string and cordage   | 10                                   |                      |
| Artificial and natural silk tissues   | 350                                  |                      |
| Tissues made entirely of fibres of<br>containing cotton, wool or hemp<br>and tissues of pure cotton | 350                                  |                      |
| Hemp tissues  | 10                                   |                      |
| Stockings and "bannetteries" made<br>of silk, rayon and cotton                                      | 50                                   |                      |

(in tons)

|   |              |           |
|---|--------------|-----------|
| Oranges   | 5,000        |           |
| Lemons  | 2,000        |           |
| Citrus fruit in brine   | 100          |           |
| Fruit pulps   | 250          |           |
| Orange peels  | 80           |           |
| Almonds   | 500          |           |
| Shelled hazelnuts   | 500          |           |
| Flower seeds  | 20           |           |
| Straw beriffs   | 10           |           |
| Licorice root   | 50           |           |
| Orange Juice  | 100          |           |
| Wine, vermouth and liqueurs   | 3,000        |           |
| Asbestos fibre  | 50           |           |
| Talc  | 100          |           |
| Pumice stones   | 500          |           |
| Citric Acid   | 100          |           |
| Tartaric Acid   | 100          |           |
| Salt  | 10,000       | 100,000   |
| Chemicals   |              |           |
| Almond oil  | 10           |           |
| Lemon oil   | 10           |           |
| Other volatile oils   | 5            |           |
| Cork  | 50           |           |
| Hemp  | 800          |           |
| Silk yarn   | 20           |           |
| Rayon   | 350          |           |
| Hemp yarn, string and cordage   | 10           |           |
| Artificial and natural silk tissues   | 350          |           |
| Tissues made entirely of flacco or containing cotton, wool or hemp and tissues of pure cotton | 350          |           |
| Hemp tissues  | 10           |           |
| Stockings and "bonnettries" made of silk, rayon, and cotton                                   | 60           |           |
| Mens' hats made of hair and wool  | 40,000 units |           |
| Ladies' hats and hairfelts  | 40,000 units |           |
| Marble slates and panels  | 2,000        |           |
| Earthenware   |              | 10,000    |
| Glassware   |              | 10,000    |
| Quicksilver   | 100          |           |
| Teleprinters  |              | 100,000   |
| Motor-car spare parts   |              | 100,000   |
| Typewriters and spare parts   | 10           |           |
| Accounting machines   | 5            |           |
| Other commodities   |              | 3,000,000 |

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14 December 1945

DEC 14 1945

My dear Mr. Ambassador:

Thank you for your letter 631 of 12 December enclosing copy of a Note Verbale received from the Ministry for Foreign Affairs regarding the Italian-Swiss Commercial and Financial Agreements, and a copy of a translation of the Italian Note prepared by the Embassy.

Sincerely yours,

ELLEN W. STONE  
Rear Admiral, USNR  
Chief Commissioner

The Hon. Alexander Kirk  
American Ambassador  
Via Vittorio Veneto 119  
Rome

1007

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Enclosure No. 2 to deers No. 2767 of December 12, 1945, from the American Embassy in Rome, entitled "Transmitting Italian Note Verbale dated December 6, 1945 with respect to Italo-Swiss commercial and financial agreements."

Translation

## NOTE VERBALE

No. 42/29367/175

The R. Ministry of Foreign Affairs has the honor to acknowledge receipt of the American Embassy's Note Verbale No. 323 with respect to the commercial and financial agreements recently concluded between Italy and Switzerland. In that note the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of lire 78,162,554, but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

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The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate. Given Italy's diminished capacity of exportation, and given the undertaking which the old debts 15% of its

that while the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss Francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

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## 1006

The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate. Given Italy's diminished capacity of exportation, and given the undertaking which Italy assumed to release for the gradual amortization of the old debts 15% of its exportations, the two Governments had to take into consideration the eventuality that at least for the period of two years the balance of payments would present a debt for Italy of approximately 40 million Swiss francs per annum. The loan was designed precisely to cover that deficit and thus to prevent the interruption of the normal flow of merchandise which otherwise would have occurred. The Swiss economy came to the aid of the Italian economy, supplying it, at least in the first period, with means for paying its debts and for permitting it to import machinery and other products necessary to its reconstruction. Lacking the settlement of the old debts the necessity for a loan, granted to meet that situation and to attain that end could be considered on the part of the Swiss as having passed.

Therefore, the decision of the American Government renders doubtful the retaining of the loan, and at the same time causes to disappear the very advantageous settlement obtained for the residual financial debt of 58 million Swiss francs, for which there was obtained a reduction in interest from 3 3/4 to 1 1/2 per cent, with a saving of over a million and one half Swiss francs per annum.

76  
Taking account of these circumstances, should the American Government not feel that it can limit the prohibition against the settlement of the old debts to the single debt of 130 millions for supplies of arms, no other means is left to the Italian Government for making possible the revival of traffic with Switzerland than that of entering into contact with the Swiss Government with a view to examining the modifications to be made in the agreements stipulated in August.

The R. Government will hasten therefore to communicate to the Swiss Government, in conformity with the desire expressed, the decision of the American Government with regard to the settlement of the old debts and to the impossibility of carrying that settlement into execution.

The R. Government has also examined with the greatest attention the second part of the Note Verbale, to which this is a response, and wishes to declare that -- as is also well-known to the American Government -- it adheres fully to the principles of commercial policy which the American Government recommends and that it considers the bilateral commercial and payments agreements as expedients imposed by the present difficult economic conditions and above all by the extreme scarcity of foreign exchange.

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to re-inforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

Rome, December 6, 1945

7001

75

INCOMING MESSAGE

Headquarters Allied Commission

Originator's Reference: 34667 Message Centre No 3/5504

Date/Time of Origin: 11/14/50 Date Time Rec'd: 140530

Precedence PRIORITY

FROM: THE WAR OFFICE DEC 14 1945

TO: ALCOM BOMB UNIT WHTQ HAS WASHINGTON FOR CCAC

UNCLASSIFIED

Reference WOC 403. Resumption of private trade between Italy and foreign countries.

1. Whilst we have no objection on general grounds beyond of trade consider it would be confusing to issue press release, in London suggested in para 6 since previous press announcements have already made position clear. 2. M arrangements are therefore being made for press release not (repeat) not to be issued in London

40 DIST

ACTION DIRECTION: ECON. SEC 18

CSG 6

SUPPLY GROUP

PROGRAM. BR.

REQUISITION BR. 10

ADVANCE COPIES TO: COMMERCE S/C 2 1004

FINANCE S/C

FOOD-AGRIC. S/C 2

COAL DIV

INE. UTILITIES S/C 2



UNCLASSIFIED

Reference 403. Resumption of private trade between Italy and foreign countries.

1. Whilst we have no objection on general grounds to and of trade consider it would be confusing to issue press release in London suggested in para 6 since previous press announcements have already made position clear. 2. M arrangements are therefore being made for press release not (repeat) not to be issued in London

AC PIST

ACTION DIRECTION: ECON. SEC 18

OSO 5  
SUPPLY GROUP  
PROGRAM, BR.  
REQUISITION BR. 10

ADVANCE COPIES TO: COMMERCE S/C 2 1004  
FINANCE S/C  
FOOD-AGRIC. S/C 2  
COAL DIV 1  
IND. UTILITIES S/C 2  
IN. S/C 2

INFO: CHIEF COMMISSIONER  
EXEC. COMM. 2  
CC BR. LMB.  
W3A ROME  
LWTR  
FILE

8/1 (10/14)  
5/11/41  
SPK



Reference NOC 403. Resumption of private trade between Italy and foreign countries.

i. Whilst we have no objection on general grounds to issue of trade release it would be confusing to issue press release in London suggested in para 6 since previous press announcements have already made position clear. 2 M arrangements are therefore being made for press release not (repeat) not to be issued in London.

AC DIST

ACTION DIRECTION: ECON. SEC 19

OSO 6

SUPPLY GROUP PROGRAM.BR.

REQUISITION BR. 10

ADVANCE COPIES TO: COMMERCE S/C 2 100%

FINANCE S/C

FOOD-AGRIC.S/C 2

COAL DIV 1

IND. UTILITIES S/C 2

IN.S/C 2

INFO: CHIEF COMMISSIONER

EXEC. COMM. 2

CC BR. IMM.

USA. ROME

WETA

FILE

8/ (may H)  
SFK  
25/1/45

~~4009~~ 4601 71

(J 2/74)

PK 56132  
DEC 11 1955 A

G/5413  
DEC 12 1955

ROUTINE

AFHQ SIGNED SACRED  
SEE ADDRESSES LISTED BELOW

RESTRICTED

RESTRICTED.

Action AGWAR Washington info Cabinet Offices Whitehall USFET  
Main ALCOM Rome. To AGWAR for CCS for CCAC info Cabinet offices White  
hall for British Chiefs of Staff.

This MAT 964.

Use of Italian external assets.

- (1) Under para 3 of Fan 583 the Italian Government are required to consult with Allied Commission before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943.
- (2) Such requests by the Italian Government are required to be reported to CCS for guidance as to reply to be made.
- (3) In view of procedure adopted in case of Italo-Swiss payments agreements namely Italian Government informed of US/UK attitude through embassies, should the Italian Government hence forward be required to consult the US and UK embassies and not Allied Commission, in the first instance.
- (4) It is understood that Italian external assets maybe used for purpose of paying debts incurred prior to 10 June 1940 according to text of notes verbale relative to Italo-Swiss payments agreement. Does this represent the adoption of a general policy in this respect. If so may the Italian Government be so informed.

AC DIST. ACTION: EX COM 2-INFO: CHIEF COMM.-POLAD &-POLAD 3-FIRANCE-FILE

RESTRICTED

AK 12/17/45

PA  
MAR  
CB

4003 ~~51~~

(72)

DEC 12 1945

FOR ACTION AGENT FOR CGB FOR CCAC FOR CLAC FOR INFO BARDY LONDON  
FOR CABINET SECRETARIAT REFD AFRA FROSD

9175

10 December 1945

PRIORITY

UNCLASSIFIED PD

THIS IS MCG 408 69

FURTHER TO OUR MCG FOUR ZERO THREE OF SIX DECEMBER PD

FAIR TO FOR ACTION AGENT FOR CGB FOR CCAC FOR CLAC FOR INFO BARDY LONDON FOR  
CABINET SECRETARIAT REFD AFRA FROSD FROM ALCON PAREN

IN VIEW OF FORMATION OF NEW ITALIAN GOVERNMENT TODAY CMA REQUEST ACTION ON OUR  
RECOMMENDATION FOR PRESS RELEASE AS WITHHELD PD WE WILL FORWARD NEW DRAFT RELEASE PD

DISTRIBUTION:  
Economic Section  
  
U.S. Ambassador  
British Ambassador  
Exec Comar ✓  
Chief Comar  
PR Br.

*Even the sending copies to 1002*  
*1002*  
*13*

Chief Commissioner

222

MILBY W. STONE  
Rear Admiral, USNR  
Chief Commissioner

See M. 73

PA  
15712  
*[Signature]*

*[Handwritten notes]*  
10/12/45

4003-17  
7/5

HEADQUARTERS ALLIED COMMISSION  
APO 394  
Economic Section

7 December 1945

13862/Y

SUBJECT: Italo-Swiss Trade Agreement.

TO : G-8 Section  
A.P.H.S.

66

1. I refer to letter 13862/Y of 4 December to you.

2. The notes verbale which were presented to the Ministry of Foreign Affairs by the British and American Embassies stated that the U.S. and British Governments could not agree to the inclusion in the Italo-Swiss Trade Agreement of provisions for the recognition and settlement of debts incurred by Italy during the period of hostilities from 10 June 1940, to 8 September 1945. It was indicated, however, that debts arising prior to 10 June 1940, might be recognized and settled. With reference to para 5 of FAF 583, dated 3 July 1945, we should appreciate being informed whether the agreed view presented by the U.S. and U.K. Governments in respect of the proposed Italo-Swiss Trade Agreement represents the adoption of a general policy by the Allied Governments regarding the payment by the Italian Government of claims arising prior to 8 September 1945. In other words, is the Italian Government now free to negotiate trade agreements with other countries and provide for the settlement of debts incurred prior to 10 June 1940? If, in fact, such policy has now been adopted, it would appear desirable to receive the permission of CCS to so inform the Italian Government.

3. As was indicated in our letter 13862/Y of 4 December, the debt repayment provisions of the Swiss Trade Agreement were referred to CCS, as required by para 3 of FAF 583, through the combined channel, Allied Commission-APAC-CCS. However, no substantive reply was received from CCS through the same combined channel, but the views of the two Governments represented on CCS were conveyed to the Italian Government through the British and American Embassies in Rome. In view of these facts, we should be grateful to learn whether it is now the desire of CCS that the Italian Government now be requested to consult with the two Embassies in Rome, rather than with the Allied Commission, before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1945 (para 3 of FAF 583).

1001

FOR THE CHIEF COMMISSIONER:

(Signed)

Italo-Swiss Trade Agreement of provisions for the recognition and settlement of debts incurred by Italy during the period of hostilities from 10 June 1940, to 8 September 1943. It was indicated, however, that debts arising prior to 10 June 1940, might be recognized and settled. With reference to para 3 of FAN 583, dated 3 July 1945, we should appreciate being informed whether the agreed view presented by the U.S. and U.K. Governments in respect of the proposed Italo-Swiss Trade Agreement represents the adoption of a general policy by the Allied Governments regarding the payment by the Italian Government of claims arising prior to 8 September 1943. In other words, is the Italian Government now free to negotiate trade agreements with other countries and provide for the settlement of debts incurred prior to 10 June 1940? If, in fact, such policy has now been adopted, it would appear desirable to receive the permission of CCS to so inform the Italian Government.

5. As was indicated in our letter 15808/7 of 4 December, the debt repayment provisions of the Swiss Trade Agreement were referred to CCS, as required by para 3 of FAN 583, through the combined channel, Allied Commission-APAC-CCS. However, no substantive reply was received from CCS through the same combined channel, but the views of the two Governments represented on CCS were conveyed to the Italian Government through the British and American Embassies in Rome. In view of these facts, we should be grateful to learn whether it is now the desire of CCS that the Italian Government now be requested to consult with the two Embassies in Rome, rather than with the Allied Commission, before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943" (para 3 of FAN 583). 1001

FOR THE CHIEF COMMISSIONERS

(Signed)

HARLAN CLEVELAND  
Acting Vice-President

- copy to:
- Finance Sub-Commission
- British Embassy
- U.S. Embassy
- Executive Commissioner
- Commerce Sub-Commission

PA  
12/10/45

10/11/45

(70/H)



6 U P O I N G M E S S A G E  
FROM OFFICE ASSISTANT COMMISSION

69

FOR ACTION FROM CCG FOR COMD FOR CLC FOR LSO WASHOF LONDON FOR

CABINET SECRETARIAT RTD AFN, RUSO

9075

6 DECEMBER '45

PRIORITY

DEC 10 1945

UNCLASSIFIED FD

THIS IS MOC FOUR ALSO THREE FD

SUBJECT IS REQUESTING OF PRIVATE TRADE BUREAU, ITALY AND FOREIGN COUNTRIES FD

PAREN TO FOR ACTION FROM FOR CCG FOR COMD FOR CLC FOR LSO WASHOF LONDON FOR CABINET SECRETARIAT RTD AFN, RUSO FROM AFN, RUSO.

IT THE ITALIAN GOVERNMENT THAT NECESSARY STEPS HAVE BEEN TAKEN BY THEIR GOVERNMENT TO PERMIT RESUMING OF PRIVATE TRADE BETWEEN ITALY AND THEIR RESPECTIVE COUNTRIES SUBJECT TO SUCH CONTROLS AS THE ITALIAN GOVERNMENT MAY FIND NECESSARY TO ENSURE THE USE OF ITALIAN FOREIGN EXCHANGE ONLY FOR PURCHASE OF ESSENTIAL IM-CHETS COMMA AND PAREN BAKER PAREN TO PREVENT THE EXPORT OF PRO- DUCES NEEDED IN THE ITALIAN ECONOMY FD

PARA TWO FD THE ITALIAN GOVERNMENT HAD PROPOSED ESTABLISHMENT OF AN UNDERSECRETARIAT FOR FOREIGN TRADE IN THE MINISTRY OF INDUSTRY AND COMMERCE, WHICH WAS TO BE THE CONTROLLING AUTHORITY IN THE EXPORT DE-OF LICENSING SYSTEM FD FOREIGN EXCHANGE CONTROL IS NOW THE RESPONSIBILITY OF THE RECENTLY ESTABLISHED UFFICIO ITALIANO DEL CAMBI PAREN ITALIAN EXCHANGE CONTROL OFFICE PAREN FD THE DRAFT OF THE DEGREE BEARING UP THE UNDERSECRETARIAT FOR FOREIGN TRADE WAS RECEIVED BY THE CONSULATA AT ITS SITTING ON TWO THREE NOVEMBER COMMA BEING THE OPINION OF THAT BODY THAT A NEW MINISTRY SHOULD BE SET UP WITH CONTROL OVER BOTH FOREIGN EXPORTS AND THE USE OF FOREIGN EXCHANGE FD NO FURTHER PROGRESS HAS BEEN MADE BECAUSE OF THE GOVERNMENT CRISIS FD

PARA THREE FD WITHIN THE MINISTRY OF INDUSTRY AND COMMERCE COMMA HOWEVER COMMA WORKS AS PROPOSED IN DRAFTING THE FORMS AND PROCEDURES FOR AN EXPORT DE-OF LICENSING SYSTEM AND INSTRUCTIONS TO THE ITALIAN EMBULIO AND PROVINCIAL CHAMBERS OF COM- MENCE FD DETAILS OF THE DRAFT ARE GIVEN IN FOLLOWING MOC AIRGRAM COMMA WHICH WILL REFER TO THIS TELEGRAM FD

PARA FOUR FD THE MINISTRY OF INDUSTRY AND COMMERCE HAS ALREADY AUTHORIZED COMMA IN SELECTIVE CASES COMMA CERTAIN FOREIGN TRADE TRANSACTIONS WHERE THE USE OF ITALIAN GOVERNMENT FOREIGN EXCHANGE FUNDS WAS NOT INVOLVED COMMA AND WHERE THE ITALIAN GOVERNMENT HERETOFORE IN THE PROVISION EITHER OF WORK OR OF RAW MATERIALS FD A LIST OF PERMITS ISSUED TO DATE HAS BEEN REQUESTED FROM THE MINISTRY AND WHEN RECEIVED WILL BE TRANSMITTED IN MOC SERIES FD ITALIAN COMMERCIAL ATTACHES IN WASHINGTON AND LONDON HAVE FULL DETAILS OF DEALERS THIS AUTHORIZED WITH AMERICAN AND BRITISH:

PARA ONE PD BOTH UNITED STATES AND UNITED KINGDOM MEMBERS IN FORMS HAVE INFORM-

ED THE ITALIAN GOVERNMENT THAT NECESSARY STEPS HAVE BEEN TAKEN BY THEIR GOVERN-  
MENTS TO PERMIT RESUMPTION OF PRIVATE TRADE BETWEEN ITALY AND THEIR RESPECTIVE  
COUNTRIES SUBJECT TO SUCH CONTROLS AS THE ITALIAN GOVERNMENT MAY FIND NECESSARY  
PARAS ABLE PAREN TO ENSURE THE USE OF ITALIAN FOREIGN EXCHANGE ONLY FOR PURCHASE  
OF ESSENTIAL IMPORTS COMMA AND PAREN MAKE PAREN TO PREVENT THE EXPORT OF PRO-  
DUCTS NEEDED IN THE ITALIAN ECONOMY PD

PARA TWO PD THE ITALIAN GOVERNMENT HAS PROPOSED ESTABLISHMENT OF AN UNDERSTANDING  
RELAT PAR FOREIGN TRADE IN THE MINISTRY OF INDUSTRY AND COMMERCE, WHICH WAS TO BE  
THE CONTROLLING AUTHORITY IN THE EXPORT IMPORT LICENSING SYSTEM PD FOREIGN EXCHANGE  
CONTROL IS NOW THE RESPONSIBILITY OF THE RECENTLY ESTABLISHED OFFICIO ITALIANO  
DEI CAMBI PAREN ITALIAN EXCHANGE CONTROL OFFICE PAREN PD THE DRAFT OF THE UNDER-  
STANDING OF THE UNDERSTANDING FOR FOREIGN TRADE WAS PREPARED BY THE CONSUL AT  
LONDON SITTING ON TWO THREE NOVEMBER COMMA BEING THE OPINION OF THAT BODY THAT A NEW  
MINISTRY SHOULD BE SET UP WITH CONTROL OVER BOTH IMPORTS EXPORTS AND THE USE OF  
FOREIGN EXCHANGE PD NO FURTHER PROGRESS HAS BEEN MADE BECAUSE OF THE GOVERNMENT  
CRISIS PD

PARA THREE PD WITHIN THE MINISTRY OF INDUSTRY AND COMMERCE COMMA HOWEVER COMMA  
WORK HAS PROCEEDED IN DRAFTING THE FORMS AND PROCEDURES FOR AN EXPORT IMPORT LICEN-  
SING SYSTEM AND INSTRUCTIONS TO THE ITALIAN PUBLIC AND PROVINCIAL CHAMBERS OF COM-  
MERCE PD DETAILS OF THE DRAFT ARE GIVEN IN FOLLOWING MCC AIRGRAM COMMA WHICH WILL  
REFER TO THIS TELEGRAM PD

PARA FOUR PD THE MINISTRY OF INDUSTRY AND COMMERCE HAS ALREADY AUTHORIZED COMMA  
IN SEVERAL CASES COMMA CERTAIN FOREIGN TRADE TRANSACTIONS WHERE THE USE OF ITALIAN  
GOVERNMENT FOREIGN EXCHANGE FUNDS WAS NOT INVOLVED COMMA AND WHERE THE ITALIAN  
ECONOMY BENEFITED BY THE PROVISION EITHER OF WORK OR OF RAW MATERIALS PD A LIST  
OF PERMITS ISSUED TO DATE HAS BEEN REQUESTED FROM THE MINISTRY AND WHEN RECEIVED  
WILL BE TRANSMITTED IN MCC SERIES PD ITALIAN COMMERCE ATTACHES IN WASHINGTON  
AND LONDON HAVE FULL DETAILS OF DEALINGS THIS AUTHORIZED WITH AMERICAN AND BRITISH  
FIRMS RESPECTIVELY PD

PARA FIVE PD ALLIED COMMISSION HAS URGED THE ITALIAN GOVERNMENT TO HASTEN THE  
RETURN TO GENERAL PRIVATE TRADE COMMA AND CONSIDERS THAT IT SHOULD BE KNOWN FULLY  
THAT IT IS NO LONGER ALLIED POLICIES WHICH ENHANCE THIS RESUMPTION BUT THE AVERAGE  
OF APPROPRIATE ITALIAN LEGISLATION AND ADMINISTRATIVE MECHANISMS IN THE ITALIAN GO-  
VERNMENT PD

PARA SIX PD ALLIED COMMISSION COMMA THEREFORE COMMA PROPOSES TO ISSUE THE FOLLOWING  
PRESS RELEASE ON ONE FIVE DECEMBER IF NO NOTICE OF OBJECTION IS RECEIVED BEFORE THAT  
DATE PD IT IS SUGGESTED THAT SIMILAR PRESS RELEASES SHOULD BE MADE IN WASHINGTON  
AND IN LONDON IN THE SAME TERMS PD QUOTE THE ALLIED COMMISSION ANNOUNCED TODAY  
THAT AS SOON AS THE ITALIAN GOVERNMENT PROMULGATES THE NECESSARY LEGISLATION COMMA  
ITALY IS FREE TO RESUME PRIVATE FOREIGN TRADE BETWEEN FIRMS IN ITALY AND FIRMS IN OTHER  
OTHER COUNTRIES PD THE UNITED STATES AND UNITED KINGDOM GOVERNMENTS DISCOURAGE THE  
ITALIAN GOVERNMENT AT THE BEGINNING OF NOVEMBER THAT THEY HAD LIMITED PRACTICALLY ALL  
OF THEIR REGULATIONS WHICH UNTIL THAT TIME HAD PREVENTED DIRECT PRIVATE TRADE NEGOTI-  
ATIONS BETWEEN ITALY AND THE UNITED KINGDOM AND UNITED STATES PD IN THE GENERAL

*As stated (17)*  
*see M. 7*  
*copy sent to ROAD A 7 13*  
*10/14/46*  
*MAN HOLMES*  
*by Eon Lee*

(continued to page 20)

PAGE 2

LETING OF THE UNITED STATES AND UNITED KINGDOM CONTROLS AND REGULATIONS AN BACK-  
 TION WAS MADE IN THE CASE OF A FEW COMMODITIES WHICH ARE IN SHORT SUPPLY THROUGH-  
 OUT THE WORLD TO DEALINGS IN THESE COMMODITIES BY PRIVATE FIRMS ARE POSSIBLE BUT  
 SUCH COMMODITIES ARE SUBJECT TO ALLOCATION BY THE ALLIED COMBINED SUPPLY BOARDS AND  
 THE ALLIED COMMISSION POINTS OUT THAT THE REMAINING CONTROL DOES NOT APPLY TO  
 ITALY ALTHOUGH COMRA BUT ALSO TO OTHER COUNTRIES AND IN OBSERVING THESE REGULATIONS  
 ITALY IS MERELY JOINING WITH THE ALLIES IN CARRYING ON A SYSTEM OF CONTROL AND  
 ALLOCATION FOR THE COMMON GOOD TO THE UNITED STATES AND UNITED KINGDOM GOVERNMENTS  
 FURTHER STATED THAT THEY ANTICIPATED THAT THE ITALIAN GOVERNMENT ITSELF WOULD ELABORATE  
 ITALIAN PRIVATE TRADE UNDER A LICENSING SYSTEM WHICH WOULD ENSURE THAT THE ITALIAN  
 GOVERNMENT REMAINS CONTROL OF ALL FOREIGN EXCHANGE ACCRUING FROM THE SALE OF  
 RESERVE COMRA THAT ITALIAN ASSETS ARE USED ONLY FOR THE PURCHASE OF ITALIAN EMER-  
 TIAL DEFENSE COMRA AND THAT NO PRODUCTS ARE EXPORTED FROM ITALY THAT ARE NEEDED IN  
 ITALIAN ECONOMIC TO THE ALLIED COMMISSION WHICH COMRA THEREFORE COMRA TO ENHANCE  
 ZE THAT WITH THE ITALIAN GOVERNMENT HAS FULFILLED ITS FOREIGN TRADE REGULATIONS AND  
 IS IN A POSITION TO OPERATE IN AN OPEN MARKET LICENSING SYSTEM COMRA THESE WILL  
 BE NO FURTHER OBSTACLE TO THE RESUMPTION OF PRIVATE TRADE BETWEEN ITALY AND OTHER  
 COUNTRIES COMRA INCLUDING THE UNITED STATES AND GREAT BRITAIN THROUGH.

200

PROGRAM COORDINATION FRAME:

461

F.W. TOOMEY  
Lt Col. Ret.

NO DIST.

ACTION DISPATCH EUCM REC 16  
 (CPC) (6) }  
 (MILITARY GROUP) }  
 (PROGRAM BR.) }  
 (REGULATION BR(10)) }

ADVANCE COPIES TO COMRA EC 2  
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 COAL DIV 1  
 TR EC 2, IND UTILITIES EC 2  
 WILSON OPERATIONAL CENTER  
 STAFF COMM 2  
 CC BR EMB  
 GA US EMB  
 WEL BOMB  
 MATR  
 FILE

ITALIAN PRIVATE TRADE UNDER A LICENSING SYSTEM WHICH WOULD ENSURE THAT THE ITALIAN GOVERNMENT REMAINS CONTROL OF ALL FOREIGN EXCHANGE ACQUIRING FROM THE SALE OF EXPORTS COMEA THAT ITALIAN AGENTS ARE USED ONLY FOR THE PURCHASE OF ITALIAN EXPORTS THAT EXPORTS COMEA AND THAT NO PRODUCTS ARE EXPORTED FROM ITALY THAT ARE NEEDED IN ITALY EXCEPT BY THE ALLIED COMMISSION WHICH COMEA THEREFORE COMEA TO REFINANCE THAT WHEN THE ITALIAN GOVERNMENT HAS FULFILLED ITS FOREIGN TRADE OBLIGATIONS AND IS IN A POSITION TO OPERATE IN THE EXPORT MARKET THROUGH COMEA A TRADE WILL BE NO FURTHER OBSTACLE TO THE PROMOTION OF PRIVATE TRADE BETWEEN ITALY AND OTHER COUNTRIES COMEA INCLUDING THE UNITED STATES AND GREAT BRITAIN FRANCE.

200

PROGRAM COORDINATION HEADS:

461

F.W. TOOMEY  
Lt Col. R.A.

NO DIST.

ACTION DISTRIBUTION BEGIN HEAD 16  
(LSC (6) )  
(SUNNY GRANT )  
(PROGRAM BR. )  
(REGULATION BR(10) )

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FOOD AGRIC SC 2  
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IN SC 2, END UTILITIES SC 2  
WILEY OCCASIVE CHIEF  
EAST COMB 2  
CO BR EMB  
O.S. US EMB  
WEL. BOMB  
MATT  
FILE

INFO



*4003*

*Exec. Commission*

HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

*68*

Ref: *Est 20.09*

5 December 1945  
DEC 6 1945

SUBJECT : Italo-Swiss Trade Agreement

TO : British Embassy  
Rome

*66-407*

For your information, I am enclosing copies of letters, dated 4 December, to the Ministry of Foreign Affairs and to G-5 Section, Allied Force Headquarters, on the above subject.

*Harlan Cleveland*  
HARLAN CLEVELAND  
Acting Vice President

Encls.-2  
Ltr. 13262/F, 4 Dec. to Ministry of Foreign Affairs  
Ltr. 13262/F, 4 Dec. to G-5, AFHQ

cc. Executive Commission ✓  
Finance S/C  
Economic S/C

*358*  
999

*(MAJ H)*  
*10/14/45*



*4003 97*

67

HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

13262/F

4 December 1945

SUBJECT : Italo-Swiss Trade Agreement.

TO : The Ministry of Foreign Affairs.

1. I refer to Finance Sub Commission letter to you 13262/F of 1 September, 1945.

2. I am now informed that the U.S. and British Embassies have presented to your Government formal notes regarding the proposed Italo-Swiss Trade Agreement. The agreed view presented by these notes is also the view of the Allied Commission.

3. In any further negotiations regarding the debt repayment provisions of the proposed Italo-Swiss trade agreement, you should look to, and receive any necessary clearance from, the U.S. and British Embassies.

*See 7210 et*

Harlan Cleveland

998

HARLAN CLEVELAND  
Acting Vice-President

APP 3

66

HEADQUARTERS ALLIED COMMISSION  
AFHQ 394  
ECONOMIC SECTION

13262/Z

4 December 1945

SUBJECT : Italo-Swiss Trade Agreement.

TO : G-5 Section,  
AFHQ.

1. I refer to FAN 583, particularly para 3, dated 3 July, 1945; MAT 900 of 7 September, 1945 and FAN 715 of 26 November, 1945.

2. It is desired to bring to your attention the position in which the Allied Commission has been placed by FAN 715, which is the only reply received to MAT 900. In accordance with the general directive contained in para 3 of FAN 583, we referred the debt repayment provisions of the proposed Italo-Swiss trade agreement to your HQ in our letter 13091/P of 3 September, 1945, on the basis of which your HQ despatched MAT 900. On 3 September we also informed the Ministry of Foreign Affairs in part as follows:

"We note that your Government does not propose to ratify the [Italo-Swiss] agreement until you have received the approval of the Allied Commission to the debt provisions of the proposed Italo-Swiss trade agreement."

3. In accordance with FAN 715, the U.S. and British Embassies have now presented their formal notes to the Italian Government. In order to clarify our position, the Allied Commission is therefore informing the Italian Government that the agreed view presented by the U.S.

Su 12/11

and British Embassies is also the view of the Allied Commission and that in any further negotiations involving the proposed Italo-Swiss trade agreement, the Italian Government should look to, and receive clearance from, the two Embassies.

FOR THE CHIEF COMMISSIONER:

Harlan Cleveland  
HARLAN CLEVELAND  
Acting Vice-President

CONFIDENTIAL

*E.V. Casey*  
(63)

PK 2344 54140  
231415

G/4180  
NOV. 24 09 15A  
PRIORITY  
NOV 26 1945

A.P.H.Q. SIGNED SACRED  
ACTION AGWAR FOR CCSE INFO CABINET OFFICERS WHITEHALL FOR BRITISH  
CHIEFS OF STAFF ALCOM ROME.

CONFIDENTIAL

THIS IS MAT 945.

- 1°) ITALY-SWISS PAYMENT AGREEMENT.
- 1°) STATEMENT MADE BY HARLAN CLEVELAND TO PRESS AGENCY IN ANSWER TO QUESTION WHETHER IT WAS TRUE ALCOM HAD VETOED ITALY-SWISS TRADE AGREEMENT.
- 2°) CLEVELAND'S ANSWER TO THIS QUESTION WAS
  - A) AGREEMENT WAS NOT VETOED BUT HELD UP PENDING REFERENCE TO HIGHER AUTHORITY.
  - B) REASON FOR THIS ACTION WAS FACT THAT FINANCIAL CLAUSES OF PROPOSED AGREEMENT INVOLVED USE OF PROCEEDS OF CURRENT TRADE TO PAY OFF PRE-ARMISTICE DEBTS AND THEREFORE REFERENCE TO HIGHER AUTHORITY WAS MANDATORY IN VIEW OF DIRECTIVES UNDER WHICH HAD ALCOM IS OPERATING.
- 3°) ITALIAN NEWSPAPERS HAD CORRECT STORY SUBSTANTIALLY AS ABOVE STATED.

995

A.C. DISTRIBUTION  
 INFO-ACTION - FINANCE S/C.  
 INFO - C.COMMISSIONER  
 EX.COMMISSIONER  
 ECON SEC.  
 FILE

CONFIDENTIAL

See m. 64

*PA*  
*10/11*  
*[Signature]*

*(1122 5)*

400? EXEC Comm (61)

NOV 20 1945

3/3907  
NOV 20 1945

CONFIDENTIAL

NOV 20 1945

AMQ

ALCOA REPLY DENIED SALES LETTER

HEADQUARTERS

A. C.

CONFIDENTIAL

1945-Swiss payments agreement. Committed chiefs of staff request clarification of report NY YORK Times under 1000 is November deadline, resulting in part as follows: KARL DEVELAND, vice president of Economic Section of the Italian Commission, said today that the Commission has refused to approve a trade agreement negotiated by ITALY with SWITZERLAND in effect priority on repayment of pre-war debts. Negotiation still can be carried on, however, he said. Please send priority reply.

994

AC DIST

AC DIST  
ECONOMIC SEC 2  
CHIEF COMM TOWER  
BY COM  
FILE 2  
FLOOR

CONFIDENTIAL

See m. 64

(CAR BRAYBROOK)



ADD

EXEC Comm

(61)

F 53643

NOV 19 12 51 A

11/30/45

NOV 20 08 45

CONFIDENTIAL

NOV 20 1945

AFHQ

ALOM ROMS SPIND BARNED AEE PHONO

HEADQUARTERS

70 NOV 19 45

A. C.

CONFIDENTIAL.

Italy-Swiss payments agreement. Combined chiefs of staff request clarification of report NEW YORK Times under AF ROME 14 November dateline, reading in part as follows: HARLAN CLEVELAND, Vice President of Economic Section of the United Commission; said today that the Commission has refused to approve a trade agreement negotiated by ITALY with SWITZERLAND in effect priority on repayment of pre-armistice debts. Negotiation still can be carried on, however, he said. Please send priority reply.

994

AC DIST

ACTION ECONOMIC SEC 2  
BY COME CHIEF COMPTROLLER  
FILE 3..  
FLOAT

CONFIDENTIAL

See m. 64

(CAPT DRAJACOCKE)

HEADQUARTERS  
VENETIAN REGION  
Allied Military Government  
APO 394

JKV/gar

57

TO : U.S. Allied Commission,  
Executive Commissioner (3 copies)

18 November 1945

SUBJECT: Italo-Swiss-Austrian Trade

NOV 20 1945

FILE No: RMII/630.12

1. In order to clarify the present position in respect of the trade that has been going on between the Province of Bolzano and the neighboring countries of Austria and Switzerland, I instructed Colonel Miller to obtain a report from Lt. Col. Thompson before the latter's departure for England. I attach this report.

2. This trade, for the most part an export trade in fruit, was initiated in June last at a time when the Province was under direct control of U.S. Fifth Army. The action was approved by AFM and was, in fact, a most prudent and valuable step. At that time it would have been well nigh impossible to move the fruit southwards owing to the exceedingly damaged and congested state of the railways South of Bolzano. The sale of the fruit in Austria and Switzerland saved the total loss of a large harvest.

3. This sale was known and approved in the Commerce Sub-Commission and at the War Office as the attached letters show.

4. Owing however to constant shortage of U.S. Staff at Bolzano it has never been possible to exercise any real control over this trade, which, once started, has been carried on almost entirely by the merchants of the Chamber of Commerce. I am quite sure that very large sums of money have been made by individual traders. In fact the situation is, frankly, not satisfactory, yet the principle of the trade appears thoroughly sound.

5. I have told Colonel Miller to attempt, with the limited means at his disposal, to keep the trade under some form of control. It is probable that there will be an automatic falling off in the volume of trade in the winter months. If U.S. is to continue in Bolzano and if the Southern Provinces of the Region are handed over, I should try to reinforce Colonel Miller's team so as to give him an officer who could watch the Commercial side.

*[Signature]*  
Regional Commissioner

Encls.

993

Copy to: Provincial Commissioner, Bolzano.

(Original & one copy sent to Econ Sec for ACTION)

copy to 826/100

(CAPT BRAYBROOK)

58  
GUY

ROLANDO BROWNE  
VICENTE MARIN  
Allied Military Government  
AP 38.

230/45  
6 Nov 45.

SUBJECT: Compensation

TO : Provincial Commissioner

Ref : BULL/84/105/34

1. Last June, when there was the prospect of a very large fruit crop in Bolzano, and very little opportunity of selling and arriving more than a small percentage of it, I.M.G. File # was obtained from I.S.S.C. authority for the export of fruit to Switzerland and Austria in exchange for copper sulphate, salt, cattle, and other necessary items from these countries, provided no money changed hands.

2. The procedure for these items has been as follows.

a) Austria agreement has always been made for each deal with the Military Government authorities in Austria and arrangements for transport have been made with them and I.S.S.C.

b) Switzerland. In this case the procedure has been more difficult. 1. Export permits have had to be obtained from the Economic Section of the Swiss Government in Bern. 2. Then authority was obtained from Dr. Colombo of the Italian trade delegation in Switzerland. This authority has been confirmed by Dr. La Franchesca, Italian Commercial Attaché at Bern. Also authority is obtained now from Istituto Carcerario Sabero Milan.

3. In accordance with the attached instructions a guarantee has been obtained in each deal that statutory listed merchants will not receive any of the goods.

These compensations have been of the greatest value to the provinces and indirectly to Italy for the following reasons:

- a) We have saved the fruit from rotting.
- b) We have maintained the normal price level for fruit.
- c) We have obtained for the Province the following articles:

- Cattle
- Copper sulphate
- Cattle Salt
- Wool paper
- Cheese
- Flour milling machinery
- Clothing
- Travelling and furniture

small percentage of it, U.S.C. Fifth may obtained from A.P.L.C. authority for the export of fruit to Switzerland and Austria in exchange for copper sulphate, salt, cattle, and other necessary items from those countries, provided no money changed hands.

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b) Switzerland. In this case the procedure has been more difficult.

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3. In accordance with the attached instructions a guarantee has been obtained in each deal that statutory listed merchandise will not receive any of the goods.

These compensations have been of the greatest value to the Province and indirectly to Italy for the following reasons:

- a) We have saved the fruit from rotting.
- b) We have maintained the normal price level for fruit.
- c) We have obtained for the Province the following articles:

- Cattle
- Copper Sulphate
- Cattle Salt
- Wool paper
- Cheese
- Flour milling machinery
- Clothing
- Insecticides and fungicides
- Pressing machinery for fruit
- Wood cutting tools
- Wine cellar machinery
- Agricultural machinery
- Concentrated grape juice.

992

Sgt. J. JAMES THURMOUTH Lt. Col. 31.

COPI

HEAD QUARTERS ALLIED COMMISSION  
APO 324  
COMMERCIAL SUB-COMMISSION  
Foreign Trade Division

Ref: 47387

JSG/rem

Ref: 46/527/B/Comerce

SUBJECT: Avoidance of Trade with Swiss Statutory Limited Merchants.

TO: Lt. Col. J. Bruce Thompson  
Deputy Provincial Commissioner  
Province of Malawi.

1. We have been asked by the Director of Economics (Civil Affairs) at the War Office to pass on to you a letter from the Economic Warfare Department, Foreign Office.

- 2. A copy of this letter is enclosed.
- 3. Will you please take any necessary action.

By Command of Rear Admiral Stone:

Sgt W. R. SCOTT  
Major, M.I.S.  
Acting Director  
Comer's Sub-Commission

1 Enc: Copy of letter

COPI

7.28/256

Economic Warfare Department  
Foreign Office  
Berkeley Square House  
Berkeley Square, W.1.

Dear Major Burns,

I understand that it is possible that you will be able to help but if I should have written to someone else I should be most grateful if you could pass the question on to the correct quarter.

We have received a telegram from Burns requesting us to pass the following message from the Commercial Counsellor to Lt. Col. J. Bruce Thompson, Deputy Provincial Commissioner, Province of Malawi.  
\* Your letter to Vollemelder of August 2nd.

Vollemelder has replied care of me as follows:



at the War Office to pass on to you a letter from the Economic Warfare Department, Foreign Office.

- 2. A copy of this letter is enclosed.
- 3. Will you please take any necessary action.

My Command of Rear Admiral Stone:

184 W.R. SCOTT  
 Major, M.I.C.  
 Acting Director  
 Covert & Sub-Commission

1 Encl: Copy of letter

COPY

8.28/256

Economic Warfare Department  
 Foreign Office  
 Berkeley Square House  
 Berkeley Square, W.1.

Dear Major Furse,

I understand that it is possible that you will be able to help but if I should have written to someone else I should be most grateful if you could pass the question on to the correct quarter.

We have received a telegram from Burne requesting us to pass the following message from the Commercial Counsellor to Lt. Col. J. Bruce Thompson, Deputy Provincial Commissioner, Province of Vol. no.  
 " Your letter to Vollenweider of August 2nd.

991

Vollenweider has replied care of me as follows:

" With regard to importation of fruit into Switzerland I wish to make it clear that the only condition imposed by Swiss authorities is that of an equal distribution of these goods over the different centres of consumption."

"2. I do not consider that this is an adequate assurance that fruit will not find its way to listed farms in Switzerland. In view of the urgency of disposing of your surplus stocks of apples and pears I do not propose to intervene with Swiss authorities unless you so desire or I.C.C. so instruct."

Our view is that as we are trying to get the Italians to enforce the statutory list in their foreign trade we should require some guarantee from the Swiss that Statutory Listed merchants will not receive any of the goods. It would be possible to pass on the message to Lt. Col. Thompson saying that the Swiss importer should be asked to guarantee that the fruit will not be redistributed to listed persons.

Yours sincerely

(S) L. Towell.

Major Furse,  
 C.I.C. 14  
 War Office  
 Hotel Victoria

cc: E. H. Legation, Bern

By Command of Rear Admiral Stone:

894 W. R. CORRY  
Major, U.S.A.  
Acting Director  
General & Sub-Commission

1 Encl: Copy of letter

T. 28/256

1917

Zoological Services Department  
Foreign Office  
Berkeley Square House  
Bromley Square, N.E.

Dear Major Foras,

I understand that it is possible that you will be able to help but if I should have written to someone else I should be most grateful if you could pass the question on to the correct quarter.

We have received a telegram from Berné requesting us to pass the following message from the General Isl Counsellor to Lt. Col. J. Bruce Thompson, Deputy Provincial Commissioner, Province of Volapoo.

Your letter to Vollemweider of August 2nd.

Vollemweider has replied care of us as follows:

991

With regard to importation of fruit into Switzerland I wish to make it clear that the only condition imposed by Swiss authorities is that of an equal distribution of these goods over the different cantons of Switzerland.

"2. I do not consider that this in an adequate assurance that fruit will not find its way to listed farms in Switzerland. In view of the urgency of disposing of your surplus stocks of apples and pears I do not propose to intervene with Swiss authorities unless you so desire or I.C.C. so instruct."

Our view is that as we are trying to get the Italians to enforce the statutory list in their foreign trade we should require some guarantee from the Swiss that statutory listed merchants will not receive any of the goods. It would be possible to pass on the message to Lt. Col. Thompson saying that the Swiss importer should be asked to guarantee that the fruit will not be redistributed to listed persons.

Yours sincerely

Major Foras,  
C.A. 14  
War Office  
Sobol Victoria

(S) L. Yorall.

cc: H. H. Legation, Berné

7003  
HEADQUARTERS ALLIED COMMISSION  
Office of the Chief Commissioner  
APO 394

27 October 1945

Executive Commissioner: **CSO**

OCT 29 1945

The Chief Commissioner desires that the following distribution be made of attached letter:

- Executive Commissioner
- Economic Section
- Chief Financial Adviser
- Political Adviser (A)
- Political Adviser (B)

Please return the original letter and its inclosure to Chief Commissioner's Office.

*[Signature]*  
E. W. STEARNS  
Major, AGD  
SO to CC

1 Incl - Ltr, 19 Oct 45, from American Ambassador, inclosing Note Verbale of 18 Oct 45 addressed to Italian Government regarding the resumption of private trading between Italy and the U.S.

See 2/6990

Distribution made 29 Oct 45  
S. J. [unclear] [unclear] 11/10

(CAPT WHITE)

COPY

(54)

22 October 1945

Dear Mr. Ambassador:

Thank you for your letter of 19 October 1945, transmitting a copy of Note Verbale dated October 18, 1945, which the Embassy has addressed to the Italian Government regarding the resumption of private trading between Italy and the United States.

Sincerely yours,

s/ ELLERY W. STONE  
ELLERY W. STONE  
Rear Admiral, USNR  
Chief Commissioner

The Hon. Alexander Kirk,  
American Ambassador,  
Via Vittorio Veneto 119,  
Rome.

cc - EX COMA.

*ECJST*  
*The Comm.*  
*Comma Int*  
*C. P. H. Stone*  
*Res. 10/20/45*

COPY

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY  
Rome, Italy,  
October 19, 1945

Rear Admiral Ellery W. Stone,  
Chief Commissioner,  
Allied Commission,  
Rome.

My dear Admiral:

I am pleased to transmit for your information a copy of a Note Verbale dated October 18, 1945 which the Embassy has addressed to the Italian Government regarding the resumption of private trading between Italy and the United States.

Sincerely yours,

s/ ALEXANDER KIRK  
ALEXANDER KIRK

Enclosure:

Copy of Note Verbale No. 769



COPI

CALIVENGOD/ah/rk

No. 269

October 13, 1945

NOTE VISIBLE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, under instructions from its Government, has the honor to inform the Italian Government of certain steps, described below, which the United States Government proposes to take with respect to commerce with Italy.

The United States Government considers that the time has arrived when its participation in the purchase and sale of Italian imports and exports should be terminated; and that all trade between the United States and Italy should be returned as far as possible to private channels, subject to such controls as the Italian Government may find necessary to carry out the pertinent directives of the Allied Commission affecting Italian trade, to assure the use of Italian foreign exchange only for essential imports, and to prevent the exportation of products needed in the Italian economy.

Consequently, the United States Government proposes to take the following steps:

(a) Effective December 1, 1945, it will cease its participation in the procurement of Category "B" items in the United States under the Program of Essential Imports of the Italian Government. To complete procurement of the Foreign Economic Administration interim program approved by the Combined Authorities, United States Government facilities will continue to be used, and purchases in the United States for the present and proposed Programs of the United Nations Relief and Rehabilitation Administration will continue to be made by UNRRA through United States Government agencies of procurement.

(b) Effective not later than January 1, 1946, the direct participation of the U.S. Commercial Company in the exportation of Italian goods to the United States, as agent for the Istituto Nazionale per il Commercio Estero, will be terminated.

The United States Government considers that the time has arrived when its participation in the purchase and sale of Italian imports and exports should be terminated, and that all trade between the United States and Italy should be returned as far as possible to private channels, subject to such controls as the Italian Government may find necessary to carry out the pertinent directives of the Allied Commission affecting Italian trade, to assure the use of Italian foreign exchange only for essential imports, and to prevent the exportation of products needed in the Italian economy.

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(b) Effective not later than January 1, 1946, the direct participation of the U.S. Commercial Company in the exportation of Italian goods to the United States, as agent for the Istituto Nazionale per il Commercio Estero, will be terminated.

(c) In the near future the United States Government will liberalize its existing export licensing controls, in respect of exports to Italy, to place Italy in the same category as that of other liberated areas.

(d) A new general license will shortly be issued by the United States Treasury Department permitting transactions in Italian funds which have accrued after the effective date of the license. Until that time, however, all transactions involving Italian assets in the United States will require Treasury licenses.

(e) By action of the Foreign Economic Administration, it is also expected that Italy will be moved from the Group E to the Group X list of countries effected by United States export controls, thus automatically making it necessary to have specific export licenses only for those commodities which are in short supply and making it possible for American businessmen to deal direct with Italian private firms without any specific United States Government approval. Such transactions would of course remain subject, however, to regulations of the Italian Government and of the Allied Commission.

(f) Concurrently with the foregoing, action will be taken to permit individual American exporters to arrange direct with steamship companies for shipping space on particular vessels, by providing for space for commercial shipments to Italy within allocations of the War Shipping Administration.

It is the desire of the United States Government that all exports to the United States from Italy following the withdrawal of the U.S. Commercial Company be handled through private channels subject to such licensing procedures or other appropriate procedures by the Italian Government as may be justified for preventing the exporting of essential merchandise required in the Italian economy and to insure that the dollar proceeds become available to the Italian Government. The United States Government hopes that the handling of a large portion of imports from the United States into Italy outside the proposed program of UNRRA can be done through private channels, although it is recognized that some items will have to be purchased for Government account by the Italian Government's representatives and that the Italian Government will find it necessary to license private transactions so as to guarantee efficient utilization of the dollars available to it for essential goods only and to provide for appropriate distribution and coordination of imports in Italy.

In informing the Italian Government of the steps which the United States Government proposes to take, as outlined above, the Embassy is instructed to express the hope that there can be handled through private trade channels all exports from Italy to the United States and as much of imports from the United States as is possible, and to suggest that the Italian Government may desire at the earliest possible moment (a) to establish appropriate

shipments to Italy within allocations of the War Shipping Administration.

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In informing the Italian Government of the steps which the United States Government proposes to take, as outlined above, the Embassy is instructed to express the hope that there can be handled through private trade channels all exports from Italy to the United States and as much of imports from the United States as is possible, and to suggest that the Italian Government may desire at the earliest possible moment (a) to establish appropriate machinery for handling the licensing of Italian foreign trade, and (b) to make arrangements for the purchase by representatives of the Italian Government in the United States of those imports which for the present cannot properly be handled through private channels.

The Embassy is also instructed to inform the Italian Government of the desire of the United States Government to discuss in Rome or Washington as soon as possible details of the arrangements to be made.

An early reply from the Royal Ministry of Foreign Affairs setting forth the views of the Italian Government with respect to the foregoing would be appreciated.

To the  
Royal Ministry of Foreign Affairs,  
Rome.

4003 98

(50)

**CONFIDENTIAL**

Z 49766  
REF 451037A

1/9175  
SEP 27 1945  
R 27120

AVHO SI NHO ANKARHME OITP FIVEG  
AIC DAT ADVISOR (INFO INFO A GOR RORR)

SEP 28 1945

C HPIOWELAN.

T-14 is MAY 918. Ref MAY 500 and MAY 911.  
Agreement dispatched by air today.

DISP

INFO-APPL N MEXANOR SO  
INFO CHIEF COMMISSIONER  
EX COMMISSIONER  
BO N SEC 2  
COMMISSIONER SC  
FILE 2  
PLCAT

27 SEP 1945  
C.

(SEEN ON 4602/SC)

985  
8/9

**CONFIDENTIAL**



4003 + 4602

(49)

PA 45628  
REF 1517800

**CONFIDENTIAL**

7/7846  
REF 1612000  
ROUTINE

ALEXANDER GUYE FRISK  
ADVISE ALL NOT REFERENCED INTO AIDON MORE

CONFIDENTIAL.

This is REF 911. Reference REF 900.

Airmail transmittal full document delayed because copies not yet received from Italian Foreign Office. Will be sent as soon as possible. Foreign Office pressing for approval but they were told decision awaits receipt of documents.

**LIST**

INFO-SECTION: Finance DC  
INFO: Chief Commissioner  
Ex Commissioner 2  
From the  
Commerce  
File 2  
Fleet

SEE  
F50

**CONFIDENTIAL**

(Seen on 4602/EC)

HEADQUARTERS  
15 SEP 1945  
A. C.

984  
PA  
17  
19

1400349602-50

(148)

FA 41621  
SEP 071441E

CONFIDENTIAL

7/6918  
SEP 1118308  
ROOVINE

SIGNED ALGERIA CITY PRESS  
ACTION ALL NAT. AGENCIES INFO ALGERIA PRESS

SFD 12 10/55

CONFIDENTIAL.

This is NAT 988. Italo-Swiss payments agreement.

1. On 10 August Italian-Swiss negotiators in BERNE concluded payments agreement, commercial agreement, cancellation of 1935 agreement, and series of supporting exchanges of notes including one providing for 50 million Swiss Franc 3 year loan to Italian Govt. Not til 2 September did Italian Govt send text to AC and then only in response to AC query about reports that agreements provided for payment of Italian debts to Swiss incurred prior to 8 September 1943. Contents of para 3 of FAR 589 were communicated to Italian Govt on 18 July but Govt explained that negotiations in BERNE had begun on 3 July. Assured AC however that British and U.S. legations in BERNE had been kept fully informed and in any event ratification would be withheld until AC approved provision for settlement of old debts.

2. Payments agreement covers all forms of Italo-Swiss payments except frontier trade, 3 country trade, ocean freight, tourist payments, insurance and reinsurance, and transfer of capital and returns from capital (transfer of commercial profits permitted). Proceeds Swiss payments to ITALY for imports, etc., will be deposited in Swiss national bank in Swiss Francs and used by UFFICIO ITALIANO CASSI for Italian payments for imports from SWITZERLAND and other payments permitted by the agreement. Use of such balances to make payments to 3 countries is precluded.

CONFIDENTIAL

SEEK ON FILE 9824602/EC

- 2 -

41621 cont'd)

CONFIDENTIAL

Exchange rate will be official rate of day of transaction.

3. 15% of Swiss Franc balances accruing under agreement are reserved to settle debts in arrears, all incurred prior 8 September '43, as follows: Commercial clearing debt 135 million Swiss Francs; railway clearing debt 55 million; special supplies debt mainly armament of Swiss manufacture 150 million; balance due on 1940 loan 53 million. Total 393 million Swiss Francs. In memorandum to AC, Italians state Swiss made settlement of above arrearages prerequisite to conclusion agreement and to obtaining new loan which is essential to finance Italian imports from SWITZERLAND.

4. Italians say they realized most questionable item in debt arrearages was special supplies debt and raised issue during negotiations, but this question delicate because SPAIN might use same argument against ITALY during coming negotiations over civil war debt which almost entirely represents deliveries war material (see MAT airgram 27) however Italians say exports to SWITZERLAND not likely to exceed 130 million Swiss Francs per year at which rate settlement of arrearages will take 18 years which Swiss consider means effective reduction of 30% in total amount of debt calculated on basis present value of 18 years payments. The debt arrearages will be settled without interest.

5. ITALY also agreed establish compensation office in BERNE which will tax imports from SWITZERLAND and use proceeds to subsidize exports to SWITZERLAND, thus adjusting for discrepancy in Italian and Swiss prices. This apparently in lieu adjustment in present exchange rate.

6. In commercial agreement each country guarantees quota for specified list of commodities both for export and import. Provision for frequent adjustment in

- 3 -

(EX 41621 cont'd)

**CONFIDENTIAL**

quotes.

7. Of course these agreements cannot apply to private trade or payments until proclaimed and statutory lists recognized by Italian Government. See TAM 679.

8. In view paras 3 & 7 of FAM 583 and TAM 136 above summary is forwarded and complete text and memorandums follow by air mail. Italians stress urgency of need to ratify agreement. Please advise soonest whether approval of financial exp etc may be given.

LIST

INFO-ACTION: Finance SC  
INFO: Chief Commissioner  
Ex Commissioner P  
Tech Sec P  
Commerce SC  
File P  
Fleet

(K/C Note: This is corrected version of same cable received on 5 Sep & serviced at request of Finance SC)

989

**CONFIDENTIAL**

4003

(15)

16 August 1945

16 AUG 1945

(10)

Dear Dott. de Gasperi:

I refer to your letter dated 1 August and I note that you consider it advisable that a meeting of the representatives of the Italian Government and the appropriate Sub-Commission of this Headquarters should take place.

A meeting was held on 9 August by Commerce Sub-Commission of this Headquarters at which various problems of Italy's foreign trade were discussed with Avv. Storoni, in the light of the letter which I sent to Prof. Ferruccio Parri on 31 July. I would suggest that your Ministry should now communicate with the Ministry of Industry and Commerce who will be able to coordinate your problems for discussion with Commerce Sub-Commission.

Sincerely,

/s/ Elmer W. Stone

ELMER W. STONE  
Rear Admiral, USNR  
Chief Commissioner

Dottore Alcide de Gasperi  
Ministry for Foreign Affairs  
The Italian Government  
Rome

CC: Office of the Chief Commissioner  
Office of the Executive Commissioner  
Economic Section  
Commerce Sub-Commission



4003 6510  
HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

ERG/ram

Tel. : 245

8 August 1945

Ref. : ES/21.08

SUBJECT: Relations with Switzerland

TO : Regional Commissioner - Lombardia Region

1. Receipt is acknowledged of your letter R/0301 dated 18 July 1945, addressed to the Executive Commissioner.
2. It has been expected for some little time that a Directive would shortly be received from the Combined Chiefs of Staff on the subject of Italy's export and reply to your letter has been purposely delayed in order not to confuse the situation.
3. This Directive has now been received and came into effect on 1 August, whereby the Allied Commission's activities in export have been terminated.
4. This Directive was communicated to the Italian Government in a letter dated 31 July, copy of which was forwarded to you. For your convenience, however, a further copy is attached to the present letter. A meeting is to be held this week with representatives of the Italian Government in order to work out a procedure for implementing this Directive throughout Italy and details will be communicated to you as soon as possible.
5. Mention is made in your letter of 18 July of the question of exporting fruit to Switzerland and in this connection, your attention is drawn to the fact that Major Sutherland of your Agriculture Division came to see us last week on this subject. As a result, a letter has been written to I. C. E. requesting that the steps already taken by your Region should be continued and further that a representative should be sent by I. C. E. to work closely with your Agriculture Division with a view to bringing these exports (and the corresponding imports of fuel wood to fruition).
6. It is regretted that at present, it is not possible to accelerate the procedure for obtaining authorization of movement of persons from Italy to Switzerland and vice-versa.

7. For information, copy of procedure and regulations on this subject are attached. HOB

By Command of Rear Admiral Stone:

(Signed)  
CHARLES W. WALTON  
Colonel, A. C.  
Chief, Supply Division

Enclosures

Procedure for travel from  
Switzerland to Italy

Procedure for entry of  
civilians into Italy

Directive on Italy's  
exports

CC: Executive Commissioner  
Economic Section  
Industry S/C  
Finance S/C

0982

copy

42

Ref: 6017/17/30

2 July 1946

FROM: Relations with Switzerland

TO: Economic Section

41

1. Enclosed is a copy of a letter received from the AMS Lombard in Region outlining difficulties that the Region is now having in obtaining medicines from Switzerland and the export of fruit and other products to Switzerland; also difficulties existing for the free movement of people to and from Lombard and Switzerland.

2. It would be appreciated if when answering this letter you will send a copy to this office.

*1/s/ A. B. Arnoldy.*

Chief Staff Officer  
To Executive Commissioner

1 Incl:  
as above

6510

Ex Comm

41

HEADQUARTERS  
ALLIED MILITARY GOVERNMENT  
LOMBARDIA REGION  
APO 394

H/0301

18 July 1945

JUL 21 1945

SUBJECT: Relations with Switzerland  
TO : Executive Commissioner  
Headquarters, Allied Commission

1. The pressure continues on us here in Lombardia for the resumption, at least partially, of the normal relations between Lombardia and Switzerland, particularly the Italian part of Switzerland.
2. At the present time, the obstacles are many and it is difficult to achieve even a simple step which is definitely in the interest of this region. It takes many weeks to arrange to get medicines into Lombardia which the citizens of Switzerland wish to donate to the Italian population. The Swiss are very anxious to import fruit and other products in the manner which they did during pre-war days.
3. It also seems that the procedure authorizing a person to go from here into Switzerland, or a Swiss to come into Italy, is too slow. Is there any way in which the procedure can be simplified and the responsibility of movement between Switzerland and Italy be turned over to the consulates as in normal times.

21 JUL 1945

*Charles Politti*  
CHARLES POLITTI  
Colonel  
Regional Commissioner

Copy to H/03/CC

197542  
See 42

*[Signature]*  
(Case Record)

4003 *ue*

EC (40)

MINISTERO DEGLI AFFARI ESTERI

Rough Translation

no. 14420/32

Rome, August 1st, 1945

AUG 3 1945

Dear Admiral,

I thank you for your letter AD/5127/A/Commerce dated July 24th containing the answer to my letter signalling to you the inconveniences and the delays that the Italian Government had noticed in connection with the present system of preparation and control of economic negotiations with neutral countries.

In fact we have received the authorization to open negotiations with Spain conditioning the possible agreement to a further ratification: and, as regards Switzerland, the approval of the quotas of our exportations has been granted on July 17th and has been received, incomplete, by the Ministry of Foreign Affairs on July 21st, three weeks after that the Italian Delegation had arrived in Bern.

I agree therefore with you that it is timely that a meeting of the representatives of the Italian Government and the competent officials of the Allied Commission be held: I deem it advisable that said meeting should take place when our Delegation will return from Switzerland in order that the matter may be examined taking into consideration the shortcomings shown by the actual application of the present system.

Believe me, dear Admiral, yours sincerely

/Sgd) DE GASPERI

Admiral Ellery W. STONE  
Chief Commissioner  
Allied Commission  
ROME

cc Div - 1 Aug 45

Action Econ Sec (2)

inc: Circol 973

Leve Comar

*(Car. Attorney)*

*(AM)*

PA 3/5



4003  
4

24

HAG/eeh

Ref. AG/5127/A/Commerce

24 July 1945

JUL 24 1945

My dear Dottore De Gasperi,

I refer to your letter of the 14 July referring to certain inconveniences in the present system of commercial negotiations.

I understand that most of the points you raise have already been discussed and settled between appropriate Ministries of the Italian Government and Subcommissions of Economic Section, Allied Commission. With special reference to the financial question of Spain, I refer you to letter to your Ministry from Brigadier Graftley-Smith, Finance Subcommission, dated 14 July.

It is believed that the inconveniences you mention are due to a great extent to insufficient understanding of special formalities which are required to be observed before arrangements are made with other countries for exportation of goods from Italy and which have been fully explained in letters from Economic Section, Allied Commission, to the Ministry of Industry and Commerce.

If there still remain matters which are not clear to you, I think that the best plan would be for representatives of your Ministry and the Ministry of Industry and Commerce to discuss them with representatives of Economic Section, Allied Commission.

Yours very truly,

/s/ Elery W. Stone  
ELERY W. STONE  
Rear Admiral, USNR  
Chief Commissioner

Dottore Alcide De Gasperi  
Ministry for Foreign Affairs  
The Italian Government  
Rome

cc: Exec. Commissioner  
Economic Section

(per Kennedy)

PA  
APR 27 1945  
12/7

4003

translation

State Department  
13138

Rome, 14 July 1945

To Admiral Stone - Chief of the Allied Commission

Dear Admiral,

entirely on my own accord, I want to draw your particular attention on the inconveniences of the present system of commercial negotiations.

As you know, we have a delegation in Bern, which, four months ago, before leaving, presented a plan for the exchange of wares between Italy and Switzerland. This plan had been discussed by Mr. Antolini with the Committee of Ministers; it was the subject of an exchange of letters with the Allied Commission; and during these four months, officials of the competent services of my Ministry frequently contacted the various offices of the A.C.

In spite of this, the discussions of our delegation have now come to a standstill, for, for what concerns some products (hemp for instance), the answer from Washington hasn't yet arrived, and for some others (citric acid and other products) the authorization to export has been withdrawn. For other products which we normally export, (almonds) the Food Sub-commission hasn't yet withdrawn its former objections.

The same thing must be said about financial questions with Spain. You know that we have been encouraged and promised support by the Allied side to arrive at a new settlement of the war debt which Spain owes us. For many reasons, this is a question which should be solved without delay, and about which we know that we can count on the full comprehension of the Allies. The general plan of our financial negotiation has been submitted to the Allied Commission, which only told us it had been forwarded to the 'Combined Chiefs of Staff' for the required approval, this in spite of the urgency of the case.

This will mean a delay of about two months in the departure of our delegates; and if we add the delay for the granting of a pass and for some means of transport for the delegates themselves, it is to be feared that this delay will be even greater.

As you see, my dear Admiral, my Ministry never failed to submit in full details its plans for negotiations to the Allied Commission. But, in spite of all the good-will which I am the first person to acknowledge, of the Organism of the Commission, the system is so complex and arranged in such a way that it not only causes prejudicial delays, but also risks to compromise the good result of the negotiations, to our prejudice, and indirectly, also to the prejudice of the Allied Governments.

I therefore trust on your intervention to have some modifications or alleviations studied and made to the system itself. I thank you in advance for all you will, I feel sure, do about this matter.

I remain, my dear Admiral,

Truly yours,  
S. De Gasperi

e/s

464  
E.C. DIST - (15 JUL 45)  
ACTION REAR SERV (2)  
Via PHOT. COM. 11  
EX. 100-116

50 F 39

4003  
~~6~~

31

ALLIED ~~CONTROL~~ COMMISSION  
INTER-OFFICE MEMORANDUM

SUBJECT: E/S Memorandum No. 13,  
Foreign Trade

FILE NO. ES/1.38

TO Office of the Executive Commissioner

26 June 1945

JUN 27 1945

- 32
1. Reference your 4003/55/EC, 26 June 1945.
  2. Copies of the above-mentioned memorandum, reference AC/D:27/A/Commerce, 1.11/ES, 14 June, have been sent to all Regional Commissioners.

29

*Thomas D. Morgan, Jr.*  
CHARLES W. WALTON, *for*  
Colonel  
Chief, Supply Division  
Economic Section

*(Capt. Arnold)*

*Si. BMT*  
*(W. D. 39%)*

RESTRICTED

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RHF/wp (35)

ALLIED FORCE HEADQUARTERS  
APO 512

21 June 1945

AG 091.3/053 GH-0

JUN 26 1945

SUBJECT: Responsibility for Italian Foreign Trade Matters.

TO: Chief Commissioner  
Allied Commission  
APO 394

1. The Combined Chiefs of Staff have now agreed to direct negotiations between the Italian Government and other countries on foreign trade matters, and have authorized the Allied Commission to communicate directly with combined agencies in London and Washington on such matters.
2. In view of this action, and in accordance with the understanding reached at the Seventh Meeting of the Supreme Commander's Economic Sub-Committee at AFHQ on 22 May 1945, this headquarters is relieved of responsibility for the operation and conduct of Italian foreign trade, except insofar as concerns its present responsibilities for the procurement of civilian supplies through the medium of the Combined Chiefs of Staff, and as concerns the allocation of shipping.
3. Except as indicated in paragraph 2 above, the Allied Commission will assume responsibility for such control and guidance of and assistance to the Italian Government in all foreign trade matters as have been or may be directed by the Combined Chiefs of Staff.
4. To assist the Allied Commission in carrying out the above responsibility, and as a means of establishing channels of communication and negotiations which will be of assistance to the Italian Government in the future, it is suggested that the Allied Commission establish a committee consisting of such civilian and diplomatic agencies as may be appropriate. This committee should include the Mediterranean Shipping Board and suitable representation from the Italian Government.

BY COMMAND OF FIELD MARSHAL ALEXANDER:

ECON. SEC. DIST-25 June  
 Action: Commerce S/C  
 Info: Chief Comm. ✓  
 A/VP, Econ Sec  
 Prod. Div.  
 Supply Div.  
 Finance S/C  
 Trans. S/C

*C. V. Christensen*  
 C. V. CHRISTENSEN  
 Colonel, AGD  
 Adjutant General

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HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

20 June 1945

JUN 21 1945

ES/2009

33

Dear Minister De Gasperi:

This is in answer to your letter of 17 June 1945 to Admiral Stone requesting that Signor Colombo be allowed to await in Milan for the other members of the Economic Mission to Switzerland.

It is advised that he will not have to return to Rome to obtain his M.T.A. It is understood that his visa and passport are in order. It will only be necessary that the Ministry of Foreign Affairs certify that the passport and visa are for the same person as the M.T.A. application, namely Signor Colombo.

Very truly yours,

(sgd) E. B. McKinley

E. B. MCKINLEY  
Brigadier General, U.S.A.  
Acting Vice President

His Excellency Alcide De Gasperi  
Minister of Foreign Affairs  
Ministry of Foreign Affairs  
Largo Chigi  
Rome

PA  
26/6

cc Chief Commissioner  
Executive Commissioner

966

(Passalacqua)

(Copy Passed for CC Files)



4003

33

TRANSLATION.

Ministero degli Affari Esteri  
42/10197/27

Dear Admiral,

1945

As you are aware, the Allied Commission have authorized the opening of negotiations between Italy and Switzerland for the re-establishment of trade relations and for the settlement of financial questions concerning the two countries. Following this authorization, the Swiss Government have invited the Italian Delegation to reach Bern on the 20th of the month, and the Italian Authorities, with Memorandum of June 15th, copy of which is herewith enclosed, have approached the Allied Commission with a view to obtain the necessary permit.

I beg to request your kind intervention in order to overcome a difficulty which now faces us. Signor Arturo COLOMBO, Vice Director general for foreign trade with the Ministry of Industry, is a member of the Italian Delegation. This official has been sent to Milan in order to inquire into the conditions of the economy of Northern Italy in relation to the early re-establishment of trade relations with Switzerland. It was decided that he should await at Milan the other members of the Delegation, nor is it possible to timely countermand these instructions owing to the state of communications and to the possibility that he may find himself at present in some other town of Northern Italy.

The Allied Commission have now informed that Signor COLOMBO, like all persons not provided with diplomatic passport, will have to personally and directly fulfil some formalities before obtaining from the Allied Authorities the exit visa.

As Signor COLOMBO is an official chosen by Minister Gronchi to carry out negotiations with Switzerland and is a person in whose favour the Minister can give full guarantees, I would be very grateful, dear Admiral, if you would kindly examine the possibility of considering Signor COLOMBO as a member of a Diplomatic Mission, or at least of authorizing him to fulfil the necessary formalities with an Allied office in Milan. His address is: 18, Via Alberto di Giussano, Milan.

Thanking you in advance for the kind and urgent steps you will see fit to take in the matter please believe me, dear Admiral,

965

Sincerely yours

Rome, June 17th 1945

s. R. Prunas

S.C. DIST -18 June 45  
Action: Hon Sec (2)  
Info : Chief Comm  
Exec Comm

out  
2/6  
Noted

le  
(see above)

32

Tel: 733

20 June 1945.

Ref: 4003/55/EC.

SUBJECT: S/S Memoranda No.13 - Foreign Trade.

TO : Economic Section.

The Executive Commissioner has directed that a copy of the above mentioned Memoranda, reference AG/5127/A/Commarco 1.11/ES of 14 June 45 should be sent to all Regional Commissioners.

  
Chief Staff Officer,  
To Executive Commissioner.

Page 37

96/20/6

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RESEARCH AND ANALYSIS DIVISION  
APO 394  
RECORD SECTION

Ref. AC/11774/Declarac  
1. L/ES

FOR INFORMATION

NUMBER 13

Hall/moh  
14 June 1945

11 0 JUN 1945

FOREIGN TRADE

1. The responsibility of Allied Commissions in matters concerning Italy's foreign trade is, in general terms, to ensure the proper execution of such directives as this subject as are given by the Combined Chiefs of Staff.

2. This general responsibility may be further defined as:-

(a) exercising such supervision over Italian exports as is necessary to ensure that policies laid down by the CC/CS are observed and that any procurement responsibilities placed upon the Italian Government are carried out.

(b) exercising such supervision over Italian imports as is necessary to ensure that supplies are obtained as far as possible through normal trading with abroad and therefore with as little call as possible on the resources of the Allied Governments.

3. The responsibility will not include:

(a) the procurement of goods for export.

(b) the distribution of imported supplies within Italian Government territory.

4. The execution of these functions will be performed by British Trade Division of Overseas Sub-Commission. This Division will ensure that all necessary co-ordinating arrangements are made with the A.S. or foreign trade officers and it will be similarly the responsibility of other Sub-Commissions and Divisions to refer to Foreign Trade Division all matters concerning foreign trade.

5. The requirements of the Italian civil economy which must be obtained from abroad and which cannot be obtained through normal trade channels will continue to be reduced to a minimum and controlled through the Importation Branch. It will, nevertheless, be the responsibility of Sub-Commissions and Divisions to ensure the import of particular commodities to ascertain in consultation with the appropriate department of the Italian Government whether such commodities can be obtained through normal trading, prior to submitting a bid for regulation.

462

(a) exercising such supervision over Italian exports as is necessary to ensure that policies laid down by the CC/S are observed and that any procurement responsibilities placed upon the Italian Government are met out.

(b) exercising such supervision over Italian imports as is necessary to ensure that supplies are obtained as far as possible through normal trading with abroad and therefore with as little bill as possible at the expense of the Allied Governments.

3. The responsibility will not include:

(a) the procurement of goods for export.

(b) the distribution of imported supplies within Italian Government territory.

4. The execution of these functions will be performed by Foreign Trade Division of Overseas Sub-Commissions. This Division will when necessary be responsible for co-ordinating all systems referred to A.C. or through trade officers and it will be similarly the responsibility of other Sub-Commissions and Divisions to refer to Foreign Trade Division all matters concerning foreign trade.

5. The requirements of the Italian civil economy which must be obtained from abroad and which cannot be obtained through normal trade channels will continue to be referred to requisition and consigned through the Requisition Branch. It will, nevertheless, be the responsibility of Sub-Commissions and Divisions in so far as the import of particular commodities to ascertain in consultation with the appropriate department of the Italian Government whether such commodities can be obtained through normal trading, prior to submitting a bid for requisitioning.

Distribution:  
All Members of Economic Staff  
All Economic Section Sub-Commissions  
Chief Comandante  
Executive Director

*[Handwritten signature]*  
E. B. McKinley  
Brigadier General, USA  
Acting Vice President

see 37-31  
~~37-31~~  
30-54  
July

(E.B.)

*[Handwritten signature]*  
(E. B. McKinley)

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Declassified E.O. 12356 Section 3.3/NND No. 785017

HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

28

Ref: AG/5127/A/Commerce 4003

HAG/eh

13 June 1945  
JUN 16 1945

SUBJECT: Italian Foreign Trade  
TO : AFHQ  
E-5 Section

1. We refer to your letter of 8-6 of 1 June enclosing draft of letter on the subject of responsibility for foreign trade matters.
2. Allied Commission concurs with your draft and requests that it be published accordingly. Formation of a Committee as referred to in paragraph 4 is under consideration.

For the Chief Commissioner:

(sgd) E. B. McKinley

E. B. McKinley  
Brigadier General, USA  
Acting Vice President  
Economic Section

cc: Executive Commissioner

961

*See file*

*(CAR ARMS LOY)*



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4003

EXTRACT  
from  
MINUTES OF A MEETING OF THE SAC'S ECONOMIC SUB-COMMITTEE  
dated  
22 MAY 1945

20

2. PROPOSAL FOR ITALIAN ALLIED TRADE COMMITTEE

The Sub-Committee had before it a paper by G-5:

- (a) Pointing out that Italian trade is going through a transition from a strictly military control period to a period in which Italy assumes full control over its own foreign trade.
- (b) Advising that foreign trade is still carried on primarily through military channels.
- (c) Recommending that a committee be constituted in Rome comprising the A.C., members of the various embassies, MEDCO, and the Italian Government to assist and advise the A.C. on matters of foreign trade and commercial policy.

GENERAL SPOFFORD explained that one year ago the creation of a quasi-civilian board, which would assist in implementing trade throughout the Mediterranean, was considered. It was decided at that time that such action would be premature. However the discussions then conducted by the Economic Sub-Committee resulted in representations to the Combined Chiefs of Staff on commercial policy matters and the resultant receipt of the major portion of exsistant directives. It is believed that it is now appropriate again to consider the establishment of a similar board with the general purpose of fully utilizing theater local resources and thereby reducing imports from the U.S. and U.K.

GENERAL ROBERTSON said that before details were discussed he wished to be informed whether the proposed committee is necessary to repair Italian foreign trade.

ADMIRAL STONE stated that the A.C. was at present utilizing the agencies enumerated in the paper under discussion and that since the paper made clear that executive power would remain with A.C. the only useful purpose such a committee would serve would be to assume executive action at such time as the Allied Commission ceases to be responsible for Italian commercial policy and procedure. 360

GENERAL ROBERTSON stated that he was most anxious to divest AFHQ of responsibility for foreign trade, nominate a responsible body, and inform all interested parties to this effect. COMMANDER SOUTHARD remarked that many of the outstanding foreign trade problems had been referred to the Combined Chiefs of Staff who had recently advised that replies will be made by the Combined Liberated Areas Committee directly to the Allied Commission; and that in the experience of G-5 it is essential that communication channels and organizations be available

(c) Recommending that a committee be constituted in Rome comprising the A.C., members of the various embassies, MEDCO, and the Italian Government to assist and advise the A.C. on matters of foreign trade and commercial policy.

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CHIEF ADMINISTRATIVE OFFICER: Directed that G-5 should, in conjunction with the A.C., prepare a directive affirming that:

- (a) AFHQ is relieved of responsibility for the operation and conduct of Italian foreign trade,
- (b) This responsibility is passed to the A.C.,
- (c) A committee is to be set up by A.C. of civilian and diplomatic agencies including MEDCO as a clearing house to facilitate commercial communications and to exchange views on matters affecting Italian foreign trade.

Handwritten initials and a checkmark.

ALLIED FORCE HEADQUARTERS  
G-5 Section  
APO 512

210 (20)  
MAY 1945  
CC. 1040.

G-5: 334-125

15 May 1945

SUBJECT: Meeting of Economic Subcommittee.

TO : Headquarters, Allied Commission  
(Attn: Chief Commissioner) ✓  
A.P.O. 394.

HEADQUARTERS  
16 MAY 1945  
A. C.

1. Attached are 5 copies of a paper on the Italian - Allied Trade Committee which is to be brought before the Supreme Allied Commander's Economic Subcommittee on Thursday 17 May at 1445 hours.

2. The meeting will be under the chairmanship of the Chief Administrative Officer. The place will be announced later.

3. You are invited to attend.

*Charles M. Spofford*  
for CHARLES M. SPOFFORD  
Brigadier General, G.S.C.  
Assistant Chief of Staff, G-5.

Incl:  
as above.

(see 27)  
Postponed  
L

Ex. Com's DISTRIBUTION

ACTION - Ex. Com 959  
INFO - C. Com  
Econ Sec (2)

See Minute 22 to 26.  
#2. #3-#4

*W.F.*  
*5/16*

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ALLIED FORCES HQ. HEADQUARTERS  
APO 512

Supreme Allied Commander's  
Economic Sub-Committee

11 May 1945

PROPOSAL FOR AN ITALY-ALLIED TRADE COMMITTEE

Note by Assistant Chief of Staff, G-5

1. There is an increasingly urgent need for some form of Italo-Allied authority to facilitate the development of Italian foreign trade.
2. Italian foreign trade is going through a transition from the strictly military period in which AFHQ/AC/AFS control all imports and exports and determines all prices and terms under directives from C.C.S., to the stage, yet in the future, in which Italy assumes full control over such matters, whether or not trade is for State or private account.
3. The channels and organization by and through which Italian export import trade is carried on are still primarily military in character and center in A.F.H.Q. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.F.H.Q. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private trade channels and agencies. Moreover, so far as concerns A.F.H.Q., the C.C.S. have now directed that all matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.
4. During this transitional period, which may last many months, some form of "authority" or committee is needed which would be international in character and composition, and would provide simple, prompt, and direct action on foreign trade matters. This action would include interpretation of policy, development of procedures, facilitation of communication, and actual negotiation of transactions.
5. It is therefore proposed that consideration be given to establishing an Italo-Allied Trade Committee in Rome with roughly the following representation: A.C., British Embassy, U.S. Embassy, French Embassy, Russian Delegate on the A.C., AFHQ, and the Italian Government. Additional representation might be drawn from other national delegates on the Advisory Council and other diplomatic or consular bodies. This Committee would possess, through the facilities available to it, prompt communication with London, Washington and Moscow, as well as other national capitals, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.
6. This Committee would have two principal functions:
  - (1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains

958

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b. The channels and organization by and through which Italian export trade is carried on are still primarily military in character and center in A.F.E.C. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.F.E.C. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private trade channel and agencies. Moreover, so far as concerns A.F.E.C., the C.O.S. have now directed that all matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.

c. During this transitional period, which may last many months, some form of "outs rity" or committee is needed which would be international in character and composition, and would provide simple, prompt, and direct action on foreign trade matters. This action would include interpretation of policy, development of procedures, facilitation of communication, and actual negotiation of transactions.

d. It is therefore proposed that consideration be given to establishing an Italo-Allied Trade Committee in Rome with roughly the following representation: A.C., British Embassy, U.S. Embassy, French Embassy, Russian Delegate on the A.C., WEPCO, and the Italian Government. Additional representation might be drawn from other national delegates on the Advisory Council and other diplomatic or consular bodies. This Committee would possess, through the facilities available to it, prompt communication with London, Washington and Moscow, as well as other national capitals, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.

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e. This Committee would have two principal functions:

- (1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains critical.
- (2) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc. In this connection, the Committee would be in a position to use all existing facilities and organizations (such as Government, military administrations, military headquarters, government agencies such as U.S.C.C., U.S.C.C., F.S.A., UNRRA), pending restoration of more normal commercial relationships.

f. During the period of military responsibility, the Committee would of course function solely in an advisory and complementary manner; the authority of S.A.C., exercised by AFM/AC, would remain unmodified. Functioning within such terms of reference, the Committee in addition to giving assistance as indicated in paragraph 1e, would be in a position to aid the A.C. in interpreting Allied basic commercial policy and to provide an additional channel for informing the Allied Governments as to the direction being taken by Italian commercial policy and foreign trade organization.

g. The Committee would need a Secretariat, which during the period of military responsibility would be provided from the Foreign Trade Section of the A.C., and to which the Italian Government could attach personnel.

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CONFIDENTIAL

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2. The following paragraphs summarize some of the major problems on which the Committee could be of considerable assistance:

3. Reopening of channels of negotiation. At present the only categories of commercial and financial correspondence permitted out of Italy are non-transactional communications to the U.S. and British Empire. Entire reliance has to be placed upon diplomatic and military channels for handling trade communications and negotiations until present restrictions are relaxed. The Italian Government has established a licensing system for transactional communications, and as soon as it issues a decree recognizing the U.K. Statutory List and the U.S. Proclaimed List the essential prerequisites to relaxation of communications controls will have been met. At that time the C.C.S. would be advised that it is considered appropriate to authorize non-transactional communications to countries additional to U.K. and U.S. and to review the restrictions on transactional communications.

4. Transport facilities.

a. With adequate representation from MEDSO, and later U.M.A. (shipping-control officials) the Committee would be able promptly to determine availabilities of shipping for handling category B exports and also imports originating within the Mediterranean.

b. The Committee could examine the possibility of simplifying inter-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

3. Problems relating to the terms of trade.

a. The following are illustrative of current problems relating to Italian exports: Exportation of items under CCS allocation at a loss to the Italian Government because sales prices are determined in buyer's market; terms of payment for exports to countries other than U.S., U.K. and France; procedures and channels by which Italians may effect sales of exports which CCS no longer controls; accounting and settlement for exports from the U.K. to SHIP for civil purposes; accounting and settlement for shipments from Italy on "military account", (i.e. for Allied military purposes rather than civil use).

b. The following are illustrative of current problems relating to Italian imports: Policy relating to imports outside the CCS allocations; financing of such imports, including utilization of Italian foreign assets.

c. There are also emerging certain general questions of commercial policy on which little or no guidance has been received from the CCS or the U.K./U.S. Governments. These include such matters as the attitude to be taken toward bi-lateral clearing accounts with foreign countries, including exchange rates within such accounts; or toward the tendency of the Italian Government to make the Foreign Trade Institute (I.C.E.) a trade monopoly.

d. Some of these questions have been referred to the CCS; others have not. Very little guidance has been received from the CCS on any of them.

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d. Some of these questions have been referred to the CCS; others have not. Very little guidance has been received from the CCS on any of them.

6. It is recommended that prompt consideration be given to the establishment in some of the Committee as outlined in paragraph 1 d above.

CHARLES M. SPOFFORD  
Brigadier General 1, G.S.C.  
Assistant Chief of Staff, G-5.

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| Assistant Chief of Staff, G-4          | 2 |
| G-4 (B)                                | 2 |
| G-5                                    | 5 |

HEADQUARTERS ALLIED COMMISSION  
APO 394  
Economic Section

14 May, 1945

Memorandum for the Chief Commissioner:

ES/21.03

15 MAY 15 1945

1. We refer to the draft letter G-5:383.8 of 3 May (copy attached) from Assistant Chief of Staff, G-5, AFHQ to SAC.

2. We understand from Major Grady of G-5 that he was requested to ascertain informally the views of interested Sub-Commissions and Sections in this Headquarters before the document was transmitted to SAC and later brought before his Political Conference, at which you would be present.

3. We have carefully considered the draft and Finance Sub-Commission have discussed it at some length with Major Grady. It is our conclusion that the proposal of an Italo-Allied Trade Committee would not be feasible in the form proposed by AFHQ.

4. Particular attention is invited to paragraph 1 (c) which proposes that there be organized an authority or committee international in character and composition which would provide simple, prompt and direct action. We desire to observe that no committee ever provided simple, prompt and direct action, much less an international committee.

5. It seems to us that now, with the period of hostilities at an end, a sharp distinction must be made in planning the future functions of the Allied Commission between the short-run period, lasting only until AC is dissolved and its remaining functions handed to the Embassies, and the long-run period, in which the Embassies, with continuity of policy and personnel, will handle all political and economic relations with Italy. The G-5 draft makes no such distinction but rather bases the proposed Committee on AC, with an AC secretariat (vide paras 1 (d) and (f)). Any such Committee should, we feel, be based on the Embassies and draw its Secretariat from that source. 256

6. In our conversations Major Grady agreed that the "authority" or terms of reference of the Committee was a question deliberately left hanging in mid-air. During the short-run period, all of AC's actions in the fields of trade, communications and finance are determined by CCS directives, which either prescribe the general limits, or, more rarely, indicate that AC is free to handle certain matters outside military channels, e.g. Category "B"

ascertain informally the views of interested Sub-Committees and Secretaries in this Headquarters before the document was transmitted to SAC and later brought before his Political Conference, at which you would be present.

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6. In our conversations Major Grady agreed that the "authority" or terms of reference of the Committee was a question deliberately left hanging in mid-air. During the short-run period, all of AC's actions in the fields of trade, communications and finance are determined by CCS directives, which either prescribe the general limits, or, more rarely, indicate that AC is free to handle certain matters outside military channels, e.g. Category "B" imports. During the period of military responsibility, a Committee such as is proposed by G-5 could advise but the responsibility for acting in accordance with CCS directives would be that of AC, consulting with, if necessary, CCS through G-5. It would not be possible for this Committee, the majority of whom would be unfamiliar with our directives, to proceed to the "interpretation of policy, development of procedures, facilitation of communication...." Such a committee could conceivably cause vast confusion if each member began to send teleggrams purporting to be final decisions on trade matters to his Government. This is particularly true in the fields of finance (where on CCS order we supervise the use of Italian foreign exchange assets) and commercial and financial correspondence.

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7. An advisory committee might be very helpful, but it terms of reference would have to be carefully defined. It is our view that G-5, faced with a number of difficult problems, is passing them back to us by proposing this Committee to deal with them. We should refuse until it is made clear which areas of trade and finance are to be made "free" and which are to remain under control; and to what extent directives from the CCS (a military entity) are to be applied by a committee composed largely of civilians. Action is greatly to be desired to secure some sort of clarification of the situation and to force action and decisions.

8. The purposes of this paper can be accomplished best by securing assignment of the commercial attaches of the British and American Embassies as working members of the Commerce Sub-Commission, AC. Such an assignment would:

*for AC*

- (a) open both military and diplomatic channels of communication to the working group;
- (b) strengthen the staff of the foreign trade group in the Commerce Sub-Commission (badly needed);
- (c) place all problems of foreign trade in the hands of personnel who will have to carry on when the AC is liquidated;
- (d) provide international contact through the French and Russian representatives to AC.

*Now available*

9. In your letter A/CC 321 of 4 August 1944 addressed to G-5, AFHQ, you enclosed a memorandum prepared by the Executive Commissioner on the future of this Commission. The formation of a board similar to MAJEB was proposed to take over certain of the functions now performed by AC. It would be interesting to study the organization of this body with particular regard to (a) the means of co-ordination with the military, shipping and supply authorities and (b) the source of its directives.

*[Signature]*  
 E. B. MCKINLEY  
 Brigadier General, USA  
 Deputy Vice President

*AG Brasseray Smith*

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A. P. GRAFFETY-SMITH  
Brigadier  
Joint Financial Adviser



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*A.P. Graffey-Smith*

A. P. GRAFFEY-SMITH  
Brigadier  
Joint Financial Adviser

*[Signature]*  
E. B. MCKINLEY  
Brigadier General, USA  
Deputy Vice President

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(15)

COPY

ALLIED FORCE HEADQUARTERS  
G-5 Section  
APO 512

G-5: 363.8

3 MAY 1945.

SUBJECT: Proposal for Italian Allied Trade Committee.

TO : Supreme Allied Commander's Secretary

THROUGH: Chief Administrative Officer.

1. There is an increasingly urgent need for some form of Italo-Allied authority to facilitate the development of Italian foreign trade.

a. Italian foreign trade is going through a transition from the strictly military period in which AFHQ/AC/AMG control all imports and exports and determines all prices and terms under directives from C.C.S., to the stage, yet in the future, in which Italy assumes full control over such matters, whether or not trade is for State or private account.

b. The channels and organization by and through which Italian export-import trade is carried on are still primarily military in character and center in A.P.H.Q. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.P.H.Q. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private channels and agencies. Moreover, so far as concerns A.P.H.Q., the C.C.S. have now directed that <sup>all</sup> matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.

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b. The channels and organization by and through which Italian export-import trade is carried on are still primarily military in character and center in A.P.H.Q. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.P.H.Q. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private channels and agencies. Moreover, so far as concerns A.P.H.Q., the C.C.S. have now directed that <sup>45%</sup> matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.

c. During this transitional period, which may last many months, some form of "authority" or committee is needed which would be international in character and composition, and would provide simple, prompt and direct action on trade matters throughout the Mediterranean (France, French North Africa, British Colonies and military administrations, Egypt, Turkey, Syria, Lebanon, Greece, Yugoslavia, Albania, Hungary, Roumania, Bulgaria, Spain and Portugal) and with extra-Mediterranean countries such as Belgium, Netherlands and Argentina. This action would include interpretation of policy, development of procedures,

(114)  
- 2 -

facilitation of communication, and actual negotiation of transactions.

d. It is therefore proposed that consideration be given to establishing an Italo-Allied Trade Committee in Rome with roughly the following representation: A.C., British Embassy, U.S. Embassy, French Embassy, Russian Delegate on the A.C., MEBO, and the Italian Government. Additional representation might be drawn from other national delegates on the Advisory Council and other diplomatic or consular bodies. This Committee would possess, through the facilities available to it, prompt communication with every country or area named above, as well as to London, Washington and Moscow, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.

e. This Committee would have three principal functions:

(1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains critical.

(2) To aid in interpreting Allied basic commercial policy to the Italians and to inform the Allied Governments as to the direction being taken by Italian commercial policy and foreign trade organization.

(3) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc., In this connection, the Committee would be in a position to use all existing facilities and organizations (Such as 453 Governments, military administrations, military headquarters, government agencies such as U.F.C.C., U.S.C.C., F.B.A., U.N.E.R.A.), pending

communication with every country or area named above, as well as to London, Washington and Moscow, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.

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(3) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc.,. In this connection, the Committee would be in a position to use all existing facilities and organizations (Such as 953 Governments, military administrations, military headquarters, Government agencies such as U.K.C.C., U.S.C.C., F.E.A., U.F.R.A.), pending restoration of more normal commercial relationships.

f. The Committee would need a Secretariat, which could be provided from the Foreign Trade Section of the A.C., to which the Italian Government could attach personnel.

2. The following paragraphs summarize some of the major problems with which the Committee would at once be faced.

3. Reopening of channels of negotiation. At present the only categories of commercial and financial correspondence permitted out of Italy are non-transactional communications to the U.S. and British



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- 3 -

Empire. Entire reliance has to be placed upon diplomatic and military channels for handling trade communications and negotiations until present restrictions are relaxed. The Italian Government has established a licensing system for transactional communications, and as soon as it issues a decree recognising the U.K. Statutory List and the U.S. Proclaimed List the essential prerequisites to relaxation of communications controls will have been met. At that time the C.C.S. would be advised that it is considered appropriate to authorize non-transactional communications to countries additional to U.K. and U.S. and to review the restrictions on transactional communications.

4. Transport facilities.

a. With adequate representation from MEDBO, and later U.M.A. (shipping-control officials) the Committee would be able promptly to determine availabilities of shipping for handling category B exports and also imports originating within the Mediterranean.

b. The Committee could examine the possibility of simplifying intra-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

5. Problems relating to the terms of trade.

a. The following are illustrative of current problems relating to Italian exports: Exportation of items under CCS allocation at a loss to the Italian Government because sales prices are determined  
452  
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authorize non-transactional communications to countries additional to U.K. and U.S. and to review the restrictions on transactional communications.

4. Transport facilities.

a. With adequate representation from COMSO, and later U.M.A. (shipping-control officials) the Committee would be able promptly to determine availabilities of shipping for handling category B exports and also imports originating within the Mediterranean.

b. The Committee could examine the possibility of simplifying intra-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

5. Problems relating to the terms of trade.

a. The following are illustrative of current problems <sup>952</sup> relating to Italian exports: Exportation of items under CCS allocation at a loss to the Italian Government because sales prices are determined in buyer's market; terms of payment for exports to countries other than U.S., U.K., and France; procedures and channels by which Italians may effect sales of exports which CCS no longer controls; accounting and settlement for exports from Theater to SHARP for civil purposes; accounting and settlement for shipments from Italy on "military account".

b. The following are illustrative of current problems relating to Italian imports: Policy relating to imports outside the CCS allocations; financing of such imports, including utilization of Italian foreign assets.

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c. There are also emerging certain general questions of commercial policy on which little or no guidance has been received from the OCS or the U.K./U.S. Governments. These include such matters as the attitude to be taken toward bi-lateral clearing accounts with foreign countries, including exchange rates within such accounts; or toward the tendency of the Italian Government to make the Foreign Trade Institute (I.C.E.) a trade monopoly.

d. Some of these questions have been referred to the OCS; others have not. Very little guidance has been received from the OCS on any of them.

6. It is recommended that prompt consideration be given to the establishment in Rome of a Committee as outlined in paragraph 1 d. above.

CHARLES M. STOFFORD  
Brigadier General G.S.C.,  
Assistant Chief of Staff, G-5.

4403 EXEC COM (11)

Translation

NATIONAL ASSOCIATION OF FIRMS FOR OVERSEAS TRADE  
(General Merchants)

Rome, 22 February 1945  
Via Torino 107

FEB 26 1945

Subject: Constitution of the Association Firms for Overseas Trade (General Merchants).

Considering that foreign trade is being rehabilitated, we have founded a National Association of Firms for Overseas Trade which will supervise the interests of the associated firms, helping by every means their economic development.

The organization - formed through the voluntary adhesion of overseas firms - means to take action to hasten the gradual abolition of the restrictions in foreign trade and chiefly in overseas trade, preparing private initiative to the resumption of their normal activities when international conditions will allow it.

Besides supervising the above mentioned interests, the new Association aims at supplying the competent authorities with a well equipped technical organ to promote with efficiency the development of import, export and transit trade.

The first board of administrators is composed as follows:  
Prof. Dr. Giorgio Manni - Chairman      Prof. Giovanni Fontana - Adviser  
Col. Benedetto Misano - Vice Chairman      Comm. Giuseppe Lamberti - "  
Costa Anastasiochi - Adviser      Dr. E. Treldi - "  
Giorgio Ferro

The board of syndics is composed of:  
Effective syndics:      Franco Otto Boissard  
                                 Bettino Mino  
                                 Lamberti cav. rag. Mario  
Syndics acting as substitute:      Michele Red  
                                 Lucini Dr. Giovanni

Later on, the Association will be come more numerous with the participation of the firms belonging to the Provinces which will be liberated.

The Association is ready to co-operate in the sector of overseas trade.

FOR PUBLICATION  
S. G. Manni

Admiral Stone  
Chief Commissioner  
Allied Commission  
R O M E

EC List - 26 FEB 4 950

ACTION: ECON SEC  
INFO: CHIEF COMM  
EXEC COMM



4003

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CC 4004

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22 February 1945

FEB 23 1945

MEMORANDUM TO: Economic Section.  
Attention: Mr. Cleveland.

Attached is a copy of a letter just received from the American Embassy on the subject of trading with neutrals. Please note that it is not a reply to the letter which you drafted for the Admiral's signature dated 21 February.

(8)

*J. A. Quayle*

J. A. QUAYLE  
Major, R. A.  
Staff Officer to CC

Encl. 1

*cc: Ec. Com. ✓*



COPY

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, Italy,  
February 21, 1945.

Dear Admiral Stone;

Your letter of February 16, 1945, enclosing a memorandum on trade between Italy and neutral countries was duly received.

With reference to your invitation for comments on the memorandum, I hope to be able to reply shortly and to make my remarks more useful to you by presenting such views as the Department of State may offer on the subject. I had already requested the Department's comments in this general connection, and I shall not fail to inform you when I receive a response.

Sincerely yours,

(Sgd) A. Kirk

Admiral Ellery W. Stone,  
Chief Commissioner,  
Allied Commission,  
ROME.

40-03  
Econ Comm

(8)

Ref: 15/13.03

21 February 1945

FEB 9 1945

My dear Mr. Ambassador:

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You will remember that on 3 February 1945 there was discussion between members of my staff, the American Embassy and the British Embassy, regarding the procedure for reopening trade between Italy and neutral countries. Later on 16 February 1945 I sent to you and Sir Noel Charles a revised version of the paper which was reviewed at the 3 February meeting.

The Italian Interministerial Committee for Reconstruction is most anxious to discuss with the Allied Commission the procedure for trade with neutral countries on 22 February 1945. The British Embassy, without a further reference to London, has approved the draft which was sent on 16 February.

I have therefore instructed the Economic Section to proceed with the discussions on this subject with the Italian Interministerial Committee, unless they hear from your office that you consider it inadvisable to do so.

Yours very truly,

*[Signature]*

HILARY E. STONE  
Rear Admiral, USN  
Chief Commissioner

The Hon. Alexander Kirk  
American Ambassador  
119 Via Vittorio Veneto  
Rome

Distribution:  
CC Files (1)  
Ex. Comm. Files (2)  
Econ Sec Files (2)  
Ex Dir ES (1)

4003  
*[Signature]*

(71)

708/3/45.C.D.

BRITISH EMBASSY,

ROME.

17 February, 1945.

My Dear Admiral,

I have been dealing with your letter of the 16th February addressed to the Ambassador enclosing a memorandum on trade between Italy and neutral countries. The Ambassador, as you know, is absent from his work through illness but the new draft memorandum follows the recommendations agreed to at the meeting of the 5th February in the Economic Section, at which I was present, and I am sure that he would have no comments to make on it.

Very sincerely yours

agd. R. Nosworthy

Rear Admiral Ellery W. Stone, U.S.N.R.,  
Office of the Chief Commissioner,  
Headquarters Allied Commission,  
A.P.O. 394.

Copy to:- Chief Commissioner  
Executive Commissioner  
Economic Section (2) (ACTION) *[Signature]*  
Ex Dir ES

4003

CS. (6)

Ref: ES/1505

16 February 45

My dear Mr. Ambassador:

Attached is a memorandum on trade between Italy and neutral countries, which results from discussions within the Allied Commission, with your Economic Counselor, and with representatives of the Italian Government.

We hope to present it to the Italian Government soon. Before giving them a statement on this important subject, however, I would like very much to get your reaction to it.

A meeting is being held on 22 February 45 between our Economic Section and the Interministerial Committee for Reconstruction, at which the Ministers are anxious to discuss this subject. It would be most helpful if we could have your comments on the attached document by next Tuesday, the 20 Feb.

Yours very truly,

[s] Henry W. Stone

HENRY W. STONE  
Rear Admiral, USN  
Chief Commissioner

The Hon. Alexander Kirk  
American Ambassador  
119 Via Vittorio Veneto  
Rome

Encl.

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CC 35

Ref: EW/13 03

16 February 45

My dear Ambassador:

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Yours very truly,

Wm. W. Stone

WILLIAM W. STONE  
Vice Admiral, USN  
Chief Commissioner

The Hon. Charles, St., K.C.M.G.  
British Ambassador  
84 Via Ventì Settembre  
Rome

*See #7*

Encl.

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NAVY AND AIR FORCE  
DISPATCHED  
FEB 16/1945  
via SPEC. MSGR.  
DFE



HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION

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HC:ms.

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*St*

13.03 /ms

13 November 1944

15 NOV Recd

SUBJECT: Proposal for Trade Negotiations with Sweden

TO: Mr. Hopkinson, Vice Pres. Political Section (B)  
Mr. Schoff, Vice Pres. Political Section (A)

At the Chief of Staff's meeting on 10 November, we agreed to put down on paper the economic reasons for considering as premature the proposals to allow Swedish trade representatives to enter the theatre in order to do business in Italy. The considerations involved may be summarized as follows:

1. Italy's foreign exchange position is such that the Italian Government is being required to set up a foreign exchange control agency which shall operate under the supervision of AC. Until this control is established and the policies guiding its operations have been agreed among the Allied Nations and Italy it is undesirable that trade representatives of neutral states should initiate negotiations which may involve foreign exchange transactions.
2. Any trade between Italy and Sweden would depend on shipping availabilities. The military supply and transportation problems confronting the Allied Nations at the present time would place out of the question any allocation for carrying such trade unless it could be shown that the opening up of this trade would have the immediate effect of lessening the Allied Nations' shipping problem. It has not yet been demonstrated that this is the case.
3. Italy has very large foreign currency liabilities to the Allied Nations and her foreign exchange position, i.e., her ability to pay, is exceedingly weak. Since one of the chief means of increasing Italy's ability to pay the Allied Nations is to increase her exports to the Allied Nations, trade with other nations might tend to reduce the potential rate of payment.
4. In this connection, you will be interested in the following quotation from the 'Second Interim Report on Italy's Foreign Exchange Position' (prepared by Finance B/C, AG, 31 October 1944):-

912

...to allow Swedish trade representatives to enter the theatre in order to do business in Italy. The considerations involved may be summarized as follows:

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2. Any trade between Italy and Sweden would depend on shipping availability. The military supply and transportation problems confronting the Allied Nations at the present time would place out of the question any allocation for carrying such trade unless it could be shown that the opening up of this trade would have the immediate effect of lessening the Allied Nations' shipping problem. It has not yet been demonstrated that this is the case.

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4. In this connection, you will be interested in the following quotation from the "Second Interim Report on Italy's Foreign Exchange Position" (prepared by Finance S/C, AC, 31 October 1944):-

"In summary, it can be said that Italy's foreign exchange position is weak both quantitatively and qualitatively. Pre-armistice debts will have to be funded into agreements linked with exports and new long term credits to rebuild export industry, or in other terms, Italy's ability to pay. Unless substantial credits are forthcoming, or perhaps even with such credits, bilateral agreements will be necessary for some interim period of time. Italy cannot return to a system of multilateral trade and payments unless substantial external financial assistance is provided."

It is not intended to imply that we should refuse these negotiations with Italy and neutral nations for an indefinite period. We are now working out a procedure for such trade, and considering (a) the ways in which it can be handled best within the Italian Government and (b) the degree and nature of the control which must be exercised by the Allies through AC during the initial period. We hope to have a definite proposal to make on this subject before long.

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In the meantime, however, in view of the considerations cited above, it seems clear that to start trade negotiations immediately would be premature

HARLAN GLEAVELAND  
Executive Director  
Economic Section

Distribution:

Chief of Staff  
POCS, Eco. Section  
Finance S/C  
Commerce S/C

1023

Declassified E.O. 12356 Section 3.3/NND No. 785017

HARLAN GLENN  
Executive Director  
Economic Section

Distribution:  
Chief of Staff  
POSS, Eco. Section  
Finance S/C  
Comms S/C

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... would be premature



[T 0 2 4]