

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

ACC

10000/109/842
(VOL. I)

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(VOL. I)

MONTHLY REPORT, COMMERCE S/C
JULY 1944 - NOV. 1945; JAN. 1946

Chief Commissioner

Attached is submitted for your signature/information/approval.

Summary is under.

AUG 4 17 45 REGD

Noted by CC [Signature]

(71)

Info - underlined & sidelined sentence & para in Commerce 8/26 monthly report for July. [Signature] 10/15

Ex Com. 79 CSO-78 for info, Commerce 8/26 monthly report for Aug. underlined & sidelined [Signature] 25/9

1-11-79 26/9 80

Chief Commissioner

Very interesting report commended for your reading [Signature] 10/15

10018 0945

Noted by CC AS

(71)

lasto

To info - underlined & sideline sentences & para
in Commerce 8/20 monthly report for July.

AS
1979 10/15

Ex-Com.

79

CSO-78 for info, Commerce 8/20 monthly report for
Aug. underlined & sideline

~~1-1000~~
26/9. 80.

Emud 25/9

Chief Commissioner,

A very interesting report commended for

your reading 8/21

RECEIVED
OCT 8 1979

Noted by CC AS

CSO. Seen 11/13/79

Ex-Com.

CSO for 77-80, monthly report of Commerce 8/20
for info

~~1-1000~~
Emud 25/9
26/10.

1555

Exline
C-8-U.:

Summary of Commerce Subcommittee's Monthly Report for June 1945.

I - MATERIALS DIVISION

- a. Uncovering of large stocks of engineering materials in North Italy resulted in reduction to five items controlled by Engineering Materials Committee of AFLR(1)B. These are tin, solder, white metal for bearings, standing timber, and plywood. Due to reports coming in of considerable availabilities of other items, it is possible that the control of this may be reduced still further.
- b. Rubberized hemp belting found not suitable except for use of slow-moving machinery.
- c. As a result of decontrolling of cement, 23,200 tons were made available in July to AC for civilian needs as against approximately half this amount in May and 8,200 tons only in June.
- d. Newsprint: In June 2,000 tons arrived from America with another 500 tons expected. This will be turned over to Italian Government for use in area under their supervision. Newsprint production in the North continued at rate of 60 tons per day.
- e. PWB making arrangements through Commerce S/C to sell to Italian Govt large stocks of paper it had stored in Italy and which it does not wish to send back to the USA. Approximate amount on hand is 2,000 tons.
- f. Clothing and shoes: Reprocessing of salvaged clothing continues in Naples.
- g. Approximately 850,000 garments arrived from Mid East completely repaired but needing dyeing. Most of this was for summer wear.
- h. Four tons of dye purchased in Milan were shipped to Naples.

II - FOREIGN TRADE DIVISION

a. Export Section:

- (1) Export shipments during the month amounted to 1846 tons for an f.o.b. value of over 50 million lire. Commodities included 145 tons of calcium tartrate and raw tartar; 150,000 kilos of raw silk; 110 kilos of jasmín concrete, and many others.

b. Import Section:

- (1) One year requirements of phosphate rock submitted to Washington for allocation was 700,000 tons; 500,000 tons definitely allocated and a further 200,000 tons would be requested to make up the required total. Negotiations are continuing with the French for this.

c. Import inquiries:

- (1) Many inquiries from Northern industrialists and merchants have been received wishing to import from foreign countries. These were passed to the Italian Government for necessary action.
- (2) Information was received of 2,470 bales of Argentine cotton belonging to Italian textile firms lying at Tenerife, Spain. This information was passed to Italian Govt who now can deal freely with Spain.
- (3) Italian Economic Mission has left Italy for Switzerland where it will keep in close contact with the US and UK legations at Berne while negotiating with Swiss authorities.
- (4) Main problem of importing is transportation. This question has been

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- (4) Main problem of importing is transportation. This question has been taken up with Ministry of War Transport and AFHQ with a view of getting the shipping problem clarified.

III - P.O.L. DIVISION

- a. Italian Govt bulk allocation of POL increased when new provinces of Toscana Region were handed back. The request by Italian Govt for an increase in the June allocation was examined but refused on the grounds that the best possible use is not being made of present allocations. Italian Government's attention has again been drawn to abuse of POL by Italian civilians. Requirements of trucks and schooners to be handed over to Italian Govt have been examined and the Govt has been informed it must suppress existing abuses before it can expect increase in bulk allocation.
- b. POL supplies in North easier following the opening of Venice and ~~handed~~ opening of Genoa as receiving ports.
- c. Arrangements made to co-ordinate POL control and ration scheme in the North with that of the South.

31 July 45

21/18
A. B. ARNOLDO
Capt, Sp Res

C.S.O.:

Summary of Commerce Subcommittee's Monthly Report for May.

MATERIALS DIVISION

The German collapse and rapid liberation of industrial areas resulted in an extensive industrial potential being left intact. Consequently, important reports of material availabilities are arriving to this Headquarters.

All matters relating to production and distribution of tobacco and matches were transferred to Industry Subcommittee.

Agreement reached with MICL to take over by them of the complete control of distribution of tires and tubes in Italian Government territory.

Cement continues to present difficult problems.

Newsprint: During May approximately 1000 tons arrived from USA. 600 tons were used to repay a loan made by AFHQ.

Clothing, shoes, and textiles: Clothing being reprocessed under supervision of Commerce Division, Naples. However, I.C.E. was willing to assume supervision of repair and dyeing. Supervision of repair of salvaged boots transferred from Ufficio Provinciale of Naples to I.C.E.

Regional welfare officers of Piemonte, Lombardia, Liguria, Emilia, Venezia, and Toscana received 15,000 blankets each for distribution to hospitals and war refugees, etc.

FOREIGN TRADE DIVISION

Several important directives from Washington received permitting considerable progress to be made in allowing more liberty of action to the Italian Government in its foreign trade negotiations. These directives cover both imports and exports.

Import Branch:

- a. A new price fixed on phosphate rock and contract drawn between Italian and French Governments.
- b. TAM 565 received by AFHQ, paraphrased to AC, covers procedure for trade between Italy and areas under British administration. The terms of implementation will be communicated to the Italian Government.
- c. Trade between Italy and other countries has been authorized as direct negotiations subject only to controls as to the use of dollar credits to buy foreign country currency and approval by Washington of transactions and commodities listed by the Combined Boards.
- d. Trade between Italy and Switzerland has been granted by COM telegram #27 and approval was given to sending an Italian economic mission to Switzerland.
- e. In Northern Italy approximately 1,500,000 of raw silk have been successfully hidden from the Germans. Requests for silk have been received from USA and Switzerland, as well as London.

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- e. In Northern Italy approximately 1,500,000 of raw silk have been successfully hidden from the Germans. Requests for silk have been received from USA and Switzerland, as well as London.
- f. Allocations for export have been made to various countries of lemon oil, bergamot oil, briarwood, mercury, chestnut bindings, jasmine concrete, juniper berries, stamps, snuff tobacco.

P.C.L. DIVISION

With expansion of COCEMA it was necessary to hand over to the Italian Government complete control of supplies of POL for COCEMA. Italian Government are making monthly allocations. A new issue of Motor Vehicle Circulation Permits and Petrol Coupons will be made for all of Italy including Northern provinces. POL supplies, North Italy, are now easing. It should be normal when Genoa and Trieste are in full use.

Spot.

AM 1553
A. B. ARNOLDY
Capt, Sp Res

10 July 45

Summary of Commerce Sub-Commission Monthly Report for April

During this month reorganization of the Sub-Commission took place. Two new Departments introduced: 'Coal Division', transferred from Industry Sub-Commission; and 'Imports', transferred from 'Supply and Warehouses Division' of Economic Section.

The new organization is:

- (1) Materials Division, with Sub-Divisions for Availabilities, Releases, Clothing and Paper and Tyres.
- (2) Foreign Trade Division, with Sub-Divisions for Imports and Exports.
- (3) P.O.L. Division.
- (4) Coal Division.

(1) Materials Division:

- a. Release from ATR(I)B Committee to A.C. satisfactory. These included cement, ammonia gas and paint in addition to numerous other items.
- b. Tobacco situation unsatisfactory due to shortage of supply of cigarette paper. Weekly ration reduced. Tobacco monopoly arranging to move large quantities raw tobacco to the north.
- c. Matches. S and T, AFHQ requests 1 1/2 million boxes safety matches monthly for three months.
- d. Leather. Slight improvement reported. Availability of upper leather 30,500 square feet.
- e. Newsprint. During first 10 days of April 1600 tons arrived from U. S. and 600 from Mid East. Distribution made to Italian Press Commission and points in the north. An agreement was reached with I.C.E. and the Banca Nazionale del Lavoro in Florence in which the latter undertook the distribution of paper for this office. The bank assumed the entire responsibility for warehousing, distributing, transporting and collecting funds resulting from sales of newsprint.
- f. Clothing, shoes and textiles. Salvaged Army clothing continues to be reprocessed in Naples. AFHQ proposes 60% repaired clothing earmarked by A.C. for civilian workers of Armed Forces be declared to AFHQ. Economic Section has agreed.

(2) Foreign Trade Division:

- a. Italian Government informed of new export policy laid down by CCS in Washington.
 - b. Allied Embassies in Rome also notified.
- (3) POL Division
- a. A Decree legalizing responsibilities of CIP received and considered satisfactory by FEETEC, AFHQ.
 - b. Italian Government's attention drawn to misuse of POL.

38 (5)

Handwritten initials

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A. S. KENOLLY
Captain

Si 6/6.

TO: C S O.

High Lights for the Commerce S/C monthly report for Nov are:

1) Availability of materials.

Materials controlled by AFIS have been reduced from 36 items to 35. Under arrangements concluded in Oct the Italian Ministry of Industry, Commerce and Labour undertake to furnish the returns of availability of control of materials and the releasing of same in AC area. The switch over seems to be going smoothly.

2) News Print.

- a) Local production of news print is unsatisfactory. One mill has been closed for lack of lignite representing a loss of 180 tons per month for news print and another has been closed for lack of waste paper.
- b) Approval of requisitioning of 1,000 tons of news print for the first 6 months of 1945 has been given by AFIS.

3) Textiles, Shoes and Clothing.

- a) Progress is being made to turning over activity in this field to the Italian Government. Southern Region has already completed arrangements for the transferring or repairing and dyeing to a local concern.
- b) 10,000 pair of repaired shoes were distributed throughout various S/Cs and other approved agencies. Likewise 5,000 blouses and 5,000 pairs of trousers were distributed.

4) Exports.

- a) Exports dropped over the previous month. Lack of shipping space prevented movement of considerable stocks of supplies.
- b) 3 ships were loaded with lemons. Gross tonnage 6,000 to the U.K.
- c) A provincial 6 months program of exports to Malta has been authorized. This includes 150 tons of citrus fruits weekly, 400 tons of chestnuts, 500 tons of cotton seed, 3,000 tons of wine etc.

gsl

21 Dec 44

- a) Local production of news print is unsatisfactory. One mill has been closed for lack of lignite representing a loss of 100 tons per month for news print and another has been closed for lack of waste paper.
 - b) Approval of requisitioning of 1,000 tons of news print for the first 6 months of 1945 has been given by ARIC.
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21 Dec 44

1551

TO : C.S.O.

I would draw your attention to the abridged Monthly Report for September of the Commerce Sub-Commission. In my opinion sufficient care has not been given to its preparation. It is inaccurate, badly written and set out and I had to telephone and refer to their full length report before I could make it suitable for inclusion in the A.C.C. Monthly Report.

This is brought to your notice as one month this Sub-Commission's abridged report was returned for re-writing and on another occasion I had to visit their adjutant to elucidate.

X. Only one copy available & you have it as part of draft ACC report.

25 October 44

E. J. Madden
Captain

27.

TO: C.S.O.

Items of note in the Monthly Report for the month of Oct are:

- a) Large quantities of shoes have been repaired and allocated, 33,000 pairs of canvas shoes have been received from U.S.
- b) Allocation of POL will now be handled in southern Italy by Italian Government.
- c) 20,000 tons of citrus fruit are being readied for export to the U.K. during Nov/Jan.
- d) There has been a serious silk theft reported between Reggio Calabria and Naples. An investigation has been ordered.

15 Nov 44

C. J. Cuff
Captain

28.

Cof.

To see October report and Summary above.

Duos Econ.

Are you satisfied that the allocation of the

shoes was effectively & expeditiously made?

RS

24/11

see Folio 30

17/11/3/44

*W. M. ...
Captain*

It is part of draft ACC report.

25 October 44

27.

TO: C.S.O.

Items of note in the Monthly Report for the month of Oct are:

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15 Nov 44

*encl
Captain*

28.

Col To see Octob report and Summary above. *R 24/11*

Does Econ. 29 Are you satisfied that the allocation of the shoes was effectively & equitably made? *see Folio 30*

175/3/11

30

Reference 2 minute 29 above. See letter to Econ. Sec - 4402/1/205 of 5/12 *encl 5/12*

W.M.

1550

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C
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(99)

JAN 9 1946

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
AEC 594
Commerce (Foreign Trade) Sub-Commission

Monthly Report

November 1945

Ref: AC/5130/Commerce

16 January 1946

CONFIDENTIAL

EC 91077 21 Jan. 1946

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
AC 394
Commerce (Foreign Trade) Sub-Commission

Monthly Report

November 1945

Ref : AC/5130/Commerce
16 January 1946

CONFIDENTIAL

EC draft 21 Jan. 1946

1-EC
6-PAB
1-Allied Att. Gen. Emb
1-Financial Report

See M.100

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HEADQUARTERS ALLIED COMMISSION
APC 394
Commerce (Foreign Trade) Sub-Commission

MONTHLY REPORT - NOVEMBER 1945

1. INTRODUCTION

The functions performed by Commerce Sub-Commission have altered considerably during the past few months due to the increased responsibilities assumed by the Italian Government. As a result, it was decided to reorganise the structure of the Sub-Commission and on 15 November this reorganisation was put into effect.

Since the entire duties of the re-formed Sub-Commission were to be concerned with Foreign Trade the designation of Commerce (Foreign Trade) Sub-Commission was adopted. The functions of the Sub-Commission were set out in a memorandum of the A.V.P. as follows:

- (a) Clearance of Italian exports with the Combined boards where reserved commodity list items are involved.
- (b) Review of exportable surpluses to determine whether they conflict with import programmes and whether they can be applied to local military requirements.
- (c) Study and make recommendations as to all action to be taken by Allied Commission on proposed trade agreements and export-import arrangements.
- (d) To assist the Italian Government in developing its policy and organisation with respect to trade controls.

An important immediate objective of the Commerce (Foreign Trade) Sub-Commission became the early reestablishment of private trade, under appropriate Italian Government controls for ensuring that Italian external resources are used to best advantage for the rehabilitation of the Italian economy and for the provision of essential civilian supplies to that end.

The 'materials' and PCI division of the former Commerce Sub-Commission were detached and transferred, respectively to the new "Surplus and Special Materials" branch and to Industry & Utilities S/C.

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2. GENERAL

- (a) Resumption of Private Trade.

Progress towards this was made during the month by the Italian Government's recognition of the Proclaimed and Statutory lists. As soon as these "black lists" had been recognised the Italians were perfectly free (so far as the Allied Governments were concerned) to start private trading immediately.

The delay in so doing has been due to the necessity for the Italian Government to complete the setting up of the machinery required for the smooth functioning of private trade under those controls which the Italian Government desire to establish.

It was originally intended that control of all foreign trade would be vested in a new Under-Secretariat of Foreign Trade within the Ministry of Industry and Commerce. Publication of the decree which was to have established the Under-Secretariat for Foreign Trade was considered by the Consulta on 23 November. The Consulta did not agree to the decree. In rejecting it they recommended sweeping changes including a proposal to establish a new Ministry instead of an Under-Secretariat which would control all foreign currency in addition to the functions which originally it had been intended should be performed by the Under-Secretariat for Foreign Trade.

Adoption or modification of the Consulta's recommendations was hampered by the Government crisis. However, the general terms for the control and issue of import and export licences, together with preparation of comprehensive instructions on procedure for the guidance of would-be traders has been completed by the Italian Ministry of Industry and Commerce. These preparations are now in abeyance pending clarification of the new Government's policy on the establishment of an Under-Secretariat by Ministry for Foreign Trade.

Further necessary action is being taken in conjunction with Finance Sub-Commission and Transportation Sub-Commission for the completion of the Italian Customs net and for the channelling of all shipping bids through Italian Government Departments instead of through Allied Commission.

(b) During the month the following items were deleted from the Reserved Commodity List appendix A (2), list II:
Spices (cinnamon chips and bark; Pimento). Coffee (all types).
Eggs - fresh, frozen and dried; poultry; milk based baby food.
Hops and hop products; Hog casings (meat).

Note on List II - List II covers commodities that are not at present under Combined Food Board allocation recommendation and has been revised to include only a relatively small number of items. Commodities remaining on List II will continue to be under close observation by the Board and it is expected that claimants will

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Reference to the Board of requirements for commodities not included herein is not required.

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- 3 -

3. TRADE NEGOTIATIONS WITH FOREIGN COUNTRIES

The Italian Ministry of Foreign Affairs is conducting economic negotiations with several European countries. Interim reports on the state of agreement reached with Spain, Belgium, Sweden, and the Netherlands, have been submitted to Allied Commission for approval. In general, the outline agreements have been accompanied by tables of commodities which Italy desires to import from, and export to, the countries concerned. The scope of this information varies greatly in each case owing to the different stages which have been reached in the several negotiations. These lists of goods are being screened progressively by Commerce Sub-Commission to ensure:

- (a) that proposed exports do not clash with the basic Italian import program;
- (b) that allied military requirements of foodstuffs will be met
- (c) that all necessary allocations of controlled commodities are obtained from the Comin & Boards in Washington.

The situation in respect of the various countries concerned, by the end of November, was as follows:

BELGIUM.

The Ministry of Foreign Affairs stated that the goods offered by Belgium (chief items Glassware, Textile machines, machine tools and products of the iron and steel industries) would contribute usefully to the reconstruction of Italy. Italy has submitted a list of goods which she proposes to offer in exchange (mainly agricultural products) but Belgium has requested that these should be augmented by other items, notably artificial synthetics and typewriters.

The quantities and range of the goods to be exchanged were not final but screening of the proposed lists against the basic supply program was put in hand at once. Reserved Commodity List items which were definitely decided upon were submitted to Washington for allocation.

THE NETHERLANDS.

A clearing plan is proposed between Italy and the Netherlands which provides for the exchange of goods to the value of 1,200,000 Dutch florins. The main items are:

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Italian exports:

Citrus fruits	Dutch florins	717,000
Seeds	"	260,000
Herbs	"	19,000
Fruit Pulp	"	10,000
Tomato, Pea and Green Beans	"	100,000
	Dutch florins	<u>1,100,000</u>

Netherlands exports :

Potatoes for sowing	Dutch florins	600,000
Electrical material	"	550,000
Flower bulbs	"	100,000
Vegetables garden seeds	"	50,000
	<u>Dutch florins</u>	<u>1,100,000</u>

No quantities are given so that it has not been possible for Allied Commission to obtain allocations of the controlled items as yet. The Ministry of Foreign Affairs has been requested to elaborate its proposals.

SPAIN.

at the end of October a trade agreement along general lines was reached between the Italian and Spanish Commercial delegations in Madrid.

The agreement provides for larger 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 pesetas 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 "
Lead	5,000 "
Tinney in oil	3,000 "
Other fish in oil	5,000 "
Olive oil	200 "
Salted fish	1,600 "
Copper	200 "
Shoes	3,000,000 Lire
Okoume Wood	4,000 tons
Cocoa	400 "
Potassium fertilizers	2,000 "
Colophony	5/10,000 "

Italian exports :

No quantities are given so that it has not been possible for Allied Commission to obtain allocations of the controlled items as yet. The Ministry of Foreign Affairs has been requested to elaborate its proposals.

SPAIN.

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

Spanish exports:

Ox skins	500 tons
Sheep skins	500 "
Lead	5,500 "
Turkey in oil	3,000 "
Other fish in oil	3,000 "
Clive oil	200 "
Salted fish	1,600 "
Copper	200 "
Shoes	3,000,000 pairs
Okoume Wood	4,000 tons
Cocca	400 "
Potassium fertilizers	2,000 "
Colophony	8/10,000 "

Italian exports:

Stuffs for pencils	10,000 tons
Essential oils and essences	50 "
Citric acid	50 "
Chestnut Seeds	50 "
Woad seeds	40 "

A request by the Italian Government for an allocation of various types of hemp to be exported to Spain was made unnecessary by the removal of these commodities from the Reserved Commodity list at the beginning of December.

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Some doubt was felt concerning the allocation of the large quantity of colophony in view of the critical world shortage. However this item is of such importance to the successful conclusion of the agreement that it is hoped that the allocation will be granted.

RUSSIA.

an exchange of views has taken place between the Italian Ambassador in Moscow and the Soviet Government on the possibilities of a resumption of Italo-Soviet trade relations. The suggestion is that the U.S.S.R. should provide raw materials from which Italy would manufacture and export to Russia industrial products. Additional goods, mainly raw materials, would be supplied by Russia to Italy in payment for the exported industrial products.

The Soviet Government has evinced a special interest in the possibility of having vessels built in the Italian shipyards. The British and United States Governments have intimated that they would have no objection in principle provided that the construction is limited to merchant ships.

So far the Italo-Russian discussions are in a very preliminary stage.

SWEDEN.

A trade agreement for a period of six months, unless terminated by either party at one month's previous notice, has been approved by the Swedish Government. The Italian Government is ready to sign as soon as Allied Commission gives approval. To this end allocation of Category "A" items concerned was requested during November.

ITEMS TO BE DEPORTED INTO ITALY FROM SWEDEN

Value in millions of Swedish crowns.

Iron and steel	4.5
Machinery, tools and precision instruments	4.5
Wood for packing	0.25
Insulation panels	0.25
Mechanical wood pulp, dried	2.5
Rayon cellulose	26.0
Noble cellulose	3.5
Paper cellulose	3.5
Paper and paper board	
Other commodities	

44,000 tons }
2,000 tons }
15,000 tons }

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Mechanical wood pulp, dried	2.5
Rayon cellulose	26.0
Noble cellulose	3.5
Paper cellulose	3.5
Paper and paper board	3.5
Other commodities	3.5

44,000 tons }
2,000 tons }
15,000 tons }

- 6 -

ITEMS TO BE EXPORTED FROM ITALY TO SWEDEN

	Sea-annual Quantity (in tons)	Value (in Swedish crowns)
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 broods	10	
Licorice root	50	
Orange juice	100	
Wine, vermouth, 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 fiocco or containing cotton, wool or hemp and tissues of pure cotton	350	
Hemp tissues	10	
Stockings and "bonnetteries" made of silk, rayon, and cotton	60	
Mens' hats made of hair and wool	44,000 units	
Ladies' hats and hirlifelts	44,000 units	
Marble slates and panels	2,000	
Earthenware		10,000
Glassware		10,000
Quicksilver		100,000
Teleprinters	100	100,000
Motor car spare parts		
Typewriters and spare parts	10	
Accounting machines	5	

Fruit pulps	250	
Orange peels	50	
Almonds	500	
Shelled hazelnuts	500	
Flower seeds	20	
Straw broids	10	
Licorice root	50	
Orange juice	100	
Wine, vermouth, liqueurs	3,000	
Asbestos fibres	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	
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Mens' hats made of hair and wool	44,000 units	
Ladies' hats and Hairfelts	44,000 units	
Marble slates and pencils	2,000	
Earthenware		
Glassware		10,000
Quicksilver		10,000
Teleprinters	100	
Motor car spare parts		100,000
Typewriters and spare parts	10	100,000
accounting machines	5	
Other commodities		3,000,000

POLAND.

An Italian Trade Mission visited Warsaw and ascertained that Poland is in a position to supply 720,000 tons of coal annually to Italy. The Italian Government suggests that payment should be made by opening a dollar account in favour of the Polish Government, representing cash to be used in Italy for the purchase of certain specified commodities.

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If an agreement should be reached, it is proposed that the chief items exported from Italy in exchange for the coal should be industrial products, machinery, zinc minerals, citrus fruits and other agricultural products.

4. EXCHANGES

In order to simplify the screening of exports, it is hoped to give over-all clearances to as many commodities as is possible. Accordingly, the Ministry of Industry and Commerce have been requested to augment, or clarify, their published figures of maximum export surpluses of industrial commodities with a further list of agricultural exportable surpluses so far as these can be forecast.

Considerable concern has been shown by the Italian Government over MTCUSA purchases of various commodities for shipment abroad, and they have stipulated that all military purchases for goods which are subsequently to be shipped to other countries should be made in foreign currency.

Thirty thousand tons of pyrites destined for Switzerland are still being moved from Deslino. Hitherto, it has not been possible to move them by rail, but it is hoped that with the early reopening of the railway line from Leghorn up the coast, delivery will soon be possible. The alternative method of shipping from Portofino to Genoa for which the cost is prohibitive. Great importance is attached to the role of these pyrites as the price is 1,400 lire per ton which will give Italy much needed foreign credit.

.. Miscellaneous activities during November

(4) Cabling and wire drawing machines

Two machines were shipped by the U.S. Army to Algiers soon after the allied occupation of Naples. The French Government subsequently suggested purchasing the machines and leaving the, which they are not installed. Considerable correspondence over a number of months has failed to produce an agreement on terms of payment. Correspondence by S.P.H.C. were informed of the Italian Government's desire to have the machines returned to Italy.

(14) Sulphur

Information was given to the British Embassy as to Italian sulphur production, prices and pending contracts for

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Thirty thousand tons of pyrites destined for Switzerland are still being moved from Scarlino. Hitherto, it has not been possible to move them by rail, but it is hoped that with the early reopening of the railway line from Leghorn up the coast, delivery will soon be possible. The alternative method entails shipment from Fertighans to Genoa for which the cost is prohibitive. Great importance is attached to the sale of these pyrites as the price is 4,400 lire per ton which will give Italy much needed foreign credit.

A. Miscellaneous activities during November

(i) Cabling and wire drawing machines

Two machines were shipped by the U.S. Army to Algiers soon after the Allied occupation of Naples. The French Government subsequently suggested purchasing the machines and leaving them where they are now installed. Considerable correspondence over a number of months has failed to produce an agreement on terms of payment. Consequently A.F.H.Q. were informed of the Italian Government's desire to have the machines returned to Italy.

(ii) Sulphur

Information was given to the British Embassy as to Italian sulphur production, prices and pending contracts for export.

(iii) Motors

The French Navy wished to obtain two Alfa Romeo motors from Italy. Necessary clearance was secured from all the various interested Allied authorities and the Ministry of Industry and Commerce was informed that they should then complete negotiations directly with the French Economic Delegation in Rome.

(iv) Berium Fluosilicate

150 kilos berium fluosilicate urgently needed by Aliers Service Agricole of Algeria.
I.C.E. was asked about the availability for export of

(v) Essential Oils

A request for various essential oils and rare essences for the manufacture of perfumes was received from MOUSA through AFES and passed to ICE for investigation as to their availability and price. It is understood that these oils and essences are for transmission to the E.T.O. MOUSA have been informed that in this case payment will have to be in dollars.

(vi) Tobacco Seed

On a request from M.A. Tripoli, inquiries were made as to the availability at the Italian State Tobacco Monopoly of a variety of tobacco seeds. ICE was requested to investigate and despatch same by air as soon as possible if they were available.

(vii) Wine

The Governor of Malta cabled that Sicilian wine merchants had shipped only a small part of a wine consignment due to Malta. ICE has been requested to take action to ensure fulfillment of the contract by the suppliers.

E. Statistics

The majority of exports which took place during the month went either to the U.K. or to the U.S.A. The sum total as reported to Allied Commission by I.C.E. amounted to a value of approximately 150 million lire. Details were as follows:

EXPORTS FROM ITALY - NOVEMBER 1945

To U.S.A. :	Gross Weight	Value (Lire)
Bergamot Oil	70 tons	76,000,000
Raw Tartar	25 1/2 tons	1,000,000
Citron in Brine	358 tons	3,000,000
Briarwood	121 tons	10,200,000
Argols	135 tons	3,000,000
	<u>709.5 tons</u>	<u>95,200,000</u>
To U.K. :		
Tartaric acid	56 tons	5,000,000
Jasmine Concrete	39 kilos	1,750,000
Bergamot Oil	12 tons	8,000,000
Lemon Oil	10	

have to be in dollars.

(vi) Tobacco Seed

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B. Statistics

The majority of exports which took place during the month went either to the U.K. or to the U.S.A.. The sum total is reported to Allied Commission by I.C.E. amounted to a value of approximately 130 million lire. Details were as follows:

EXPORTS FROM ITALY - NOVEMBER 1945

To U.S.A. :	Gross Weight	Value (Lire)
Bergamot Oil	70 tons	76,000,000
Raw Tartar	25 1/2 tons	1,000,000
Citron in Brine	358 tons	3,000,000
Briarwood	121 tons	10,200,000
Argols	155 tons	5,000,000
	<u>709.5 tons</u>	<u>95,200,000</u>
To U.K. :		
Tartaric Acid	56 tons	5,000,000
Jasmine Concrete	39 kilos	1,750,000
Bergamot Oil	12 tons	8,000,000
Lemon Oil	10 tons	4,500,000
Raw Tartar	25 1/2 tons	1,000,000
Argols	126 1/2 tons	4,500,000
Briarwood	11 tons	1,500,000
Mustard Seeds	170 tons	5,600,000
Becks	70 kilos	45,000
	<u>411 tons</u>	<u>31,895,000</u>
To Palestine :		
Chestnut Strips	109 kilos	2,750,000
	<u>227 1/2 tons</u>	<u>129,826,000</u>
Totals :		=====
	1,948 tons	=====
	109 kilos	=====

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5. IMPORTS.

A feature of the month was the number of requests for temporary imports. These should prove to be of particular value at the present stage of Italian reconstruction when supplies are short but labour is plentiful.

(i) Raw cotton.

A proposed import of raw cotton from the U.S. on a compensation basis in exchange for an export of hemp yarn or cloth from Italy was approved in general by this HQ. Application for the allocation of the hemp was made to Washington.

(ii) Cotton and woollen rags.

Necessary arrangements were made with the appropriate Maritime authorities in connection with the shipment to Italy of 316 tons of baled cotton of Italian ownership which had been lying at Tenerife since before the war.

(iii) Cellulose.

Approval was given to the Ministry of Foreign Affairs for a proposed clearing transaction involving the export of 2,000 tons of cellulose from Italy from which 133 tons of spun rayon will be exported.

(iv) Tinplate.

A temporary import of tinplate from U.K. and U.S. has been sanctioned by A.C. on the understanding that this sanction does not imply approval to a subsequent export of food. Any tinned food exports which may be envisaged will have to be screened in the usual way.

(v) Seed oil.

An import of seed oil from the Argentine in exchange for olive oil from Italy was approved by A.C. with the recommendation that no olive oil should be exported before the corresponding amount of seed oil has been received from the Argentine.

(vi) Private compensations.

Instructions given by the Ministry of Industry and the Prefects and Chambers of Commerce were examined by

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(ii) Cotton and woollen rags.

Necessary arrangements were made with the appropriate Maritime authorities in connection with the shipment to Italy of 516 tons of baled cotton of Italian ownership which had been lying at Genoa since before the war.

(iii) Cellulose.

Approval was given to the Ministry of Foreign Affairs for a proposed clearing transaction involving the import of 2,000 tons of cellulose from Norway from which 155 tons of spun rayon will be exported.

(iv) Tinplate.

A temporary import of tinplate from U.K. and U.S. has been sanctioned by A.C. on the understanding that this sanction does not imply approval to a subsequent export of food. Any tinned food exports which may be envisaged will have to be screened in the usual way.

(v) Seed oil.

An import of seed oil from the Argentine in exchange for olive oil from Italy was approved by A.C. with the recommendation that no olive oil should be exported before the corresponding amount of seed oil has been received from the Argentine.

(vi) Private compensations.

Instructions given by the Ministry of Industry and Commerce to the Prefects and Chambers of Commerce were examined by this Sub-Commission.

6. PERSONNEL CHANGES

The following officers left Commerce Sub-Commission during the month either on release or as a result of the reorganization

of the Sub-Commission :

Maj. H... GENT B (Director) to U.K. on release.
 Maj. W.I. SCOTTEN A (Deputy Director) to Coordinator
 Supply Group.
 Maj. E.A. GREEN B to U.K. on release
 S/Ldr C... MCKENZIE B to Surplus & Special Materials Branch.
 Capt. J.K. COLLIN B to POL Supply Group.
 1st Lt. G.F. DIVILIA A to Surplus & Special Materials Branch
 Mr. R.B. SEWELL A to U.S. on release.

a new Director Lt. Col. E. W. TOOMEY took over the
 Commerce (Foreign Trade) Sub-Commission on 15 November 1945.

The Allied Officer personnel in the Sub-Commission
 consequent on its reorganisation was as follows :

Rank	Name	Assignment
Lt. Col.	E.W. TOOMEY	Director
Major	S.K.I. SAUL	Deputy Director
Capt.	C...N. ROYDEN	Exports
Lt.	J.B. COOPER	Salon Office
Mr.	L.V.A. WHITE	

Capt. C...E. ROONEY left for the U.K. on leave at the
 beginning of the month.



S.K.I. SAUL
 Major, R.A.
 Acting Director
 Commerce (Foreign Trade) S/C

... (Director) to U.K. on release.
Maj. W.E. SCOTTER A (Deputy Director) to Coordinator Supply Group.
Maj. E.A. GREEN B to U.K. on release
S/Ldr C.A. MACKENZIE B to Surplus & Special Materials Branch.
Capt. J.R. COLLIN B to POL Supply Group.
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Lt. Col.	E. W. TOOEY	Director
Major	S. K. I. SAUL	Deputy Director
Capt.	G. F. KOTHEY	Exports
Lt.	J. G. COOPER	Milan Office
Mr.	L. V. A. WHITE	

Capt. G. F. Kothey left for the U.K. on leave at the beginning of the month.

Autopsy

S. K. I. SAUL
Major, R. A.
Acting Director
Commerce (Foreign Trade) S/C

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OCT 23 1945

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION

APO 394

COMMERCE SUBCOMMISSION

MONTHLY REPORT

SEPTEMBER 1945

20 October 1945

Ref: AC/5130/Commerce

CONFIDENTIAL

*E. C. D. S.
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2-1-45*

C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
APO 394
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C O M M E R C E S U B C O M M I S S I O N

M O N T H L Y R E P O R T

S E P T E M B E R 1 9 4 5

20 October 1945

Ref: AC/5130/Commerce

C O N F I D E N T I A L

SECRET
1 - ER Centre
2 - TR
1 - Mr. Pitt (London)

See my 91493

1543

Watts

1038

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COMMERCE SUBCOMMISSION

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MONTHLY REPORT - SEPTEMBER 1945

I. FOREIGN TRADE

A. GENERAL

The chief obstacle barring the way to freedom of private trade with all countries of the world - other than ex-enemy countries - is the Italian Government's delay in accepting the Proclaimed and Statutory Lists. This delay has held up, for example, the opening of the Swiss frontier - a fact which is a very serious bar to the development of Italo-Swiss commercial relations. There are signs that the Italian Government is on the point of accepting, finally, these lists, and publishing the necessary decree.

Further governmental activities have been in the direction of organizing the Under-Secretaryship for Foreign Trade which is to be setup under Avv. Storoni. The details of this organization have not yet been communicated to this Headquarters, but the indications are that progress is being made toward the establishment of an administration which will control Italy's foreign trade - assist in formulating policy, and relieve ICE of those functions which create pressure of circumstances has obliged it to perform, to the detriment of its general efficiency.

Opportunity has been taken of the presence of the Ministry of Supply's Representative, Mr. Cadam, in Rome, to resolve all outstanding matters resulting from our activities in the reactivation of the Italian silk industry which began in Sicily as long ago as November 1943. There remained many problems arising out of old contracts in Calabria, Ancona and Arezzo and, though these have been officially taken over by ICE, all records are with AC, and our collaboration has been an essential factor in straightening matters out. The silk organizations in Milan and the Italian Ministries of Agriculture and Industry and Commerce have taken over the reins, and AC can now withdraw with the feeling that they are heading

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B. IMPORTS

(1) Phosphate Rock.

The deadlock which had been reached in the negotiations between the Italian and the French, for the supply of 100,000 tons of Italian pyrites to France to offset partly the

500,000 tons of phosphate rock required by Italy, has resulted in several new lines of action, with a view to bringing about an agreement.

Next order in files re pending status

First the French unofficially approached the American Embassy in Paris with a request that the Americans should use their good offices to help in resolving the difficulties. This resulted in the matter being reported to the State Department in Washington and to the American Embassy in Rome. Next A.G. outlined the situation to the CCS with a request to arrange for delivery of phosphate rock "from Tunisia or from any other source". Meanwhile, the Italians intimated that they were prepared to accept 2000 Lire per ton for their pyrites. This was a considerable reduction from their previous demand but was still very far above the French offer of 800 lire per ton.

On 19 September, the French, having been asked to state their position, signified their readiness to deliver phosphate rock, at 900 lire per ton, to an amount equal in value to 100,000 tons of pyrites, at 800 lire per ton. But they introduced a new suggestion that this latter price could be referred to Washington for arbitration and, if it was revised, they undertook to abide by the decision. This offer was declined by the Italian Government on the grounds that it meant that the Italian Treasury would need to subsidize the export of pyrites to the extent of 1200 lire per ton; this the Treasury were not prepared to do. Accordingly, on the 21 September, the French stated that they no longer considered their proposed sale of phosphate rock to be tied up with their purchase of pyrites, at the same time agreeing that phosphate rock could be purchased by Italy with the credits resulting from the sale, at an adjudicated price, of pyrites.

The Italian need for phosphate rock is so urgent that next they considered requesting the U.S. to permit Italy to use some of her dollar credits to buy phosphate rock. Little progress was made with this proposal as the French would not give a positive reply on their willingness to sell phosphates for dollars, unless the Italians would make a firm proposal. Meanwhile no results were to be seen from the various approaches to CCS and State Department.

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On 19 September, the French, having been asked to state their position, signified their readiness to deliver phosphate rock, at 900 lire per ton, to an amount equal in value to 100,000 tons of pyrites, at 300 lire per ton. But they introduced a new suggestion that this latter price could be referred to Washington for arbitration and, if it was revised, they undertook to abide by the decision. This offer was declined by the Italian Government on the grounds that it meant that the Italian Treasury would need to subsidize the export of pyrites to the extent of 1200 lire per ton; this the Treasury were not prepared to do. Accordingly, on the 21 September, the French stated that they no longer considered their proposed sale of phosphate rock to be tied up with their purchase of pyrites, at the same time agreeing that phosphate rock could be purchased by Italy with the credits resulting from the sale, at an adjudicated price, of pyrites.

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Negotiations are still going on and it would seem that the most promising basis for agreement is the French offer to buy pyrites at an adjudicated price. It should be mentioned that the French offer of 800 lire per ton is based on their ability to purchase Spanish pyrites of a quality inferior to the Italian product, at 700 lire (350 francs) per ton. The French estimate the superior quality of the Italian pyrites to be worth 50 francs

(100 lire) per ton more than the Spanish pyrites, and argue that the French "ceiling" price per ton of pyrites is therefore 800 lire. The Italians claim that pyrites has always been much more costly than phosphate rock. Over a period of six years to 1940 the ratio was one ton of pyrites to 1.92 tons phosphate rock. Furthermore there is a current Italian/Swiss contract for 60,000 tons of pyrites at a price considerably higher than the 2000 lire per ton which the Italians are asking from the French.

The Italians therefore claim:

- a) since phosphate rock is to cost them 900 lire per ton, pyrites must be worth almost twice as much;
- b) the Spanish price is an artificial one;
- c) acceptance of the French offer might cause complications with Switzerland in view of the current Italian/Swiss contract price (unofficially said to be 2600 lire per ton) and would certainly jeopardise any future contracts which the Italian Government might be able to arrange.

(ii) Argentine gift of 100,000 tons of wheat.

No allocation has yet been received of the 100,000 tons of wheat donated by Argentina to Italy. This has been outstanding since April and is the subject of repeated requests by various Italian Ministries for shipping to be provided. It is known that the Italian Government are now negotiating for the repurchase of some ships sold to the Argentine and it is believed that, if these ships are made available to Italy, the Government will wish to use them for shipping wheat.

(iii) Food donated by Swiss Government to City of Genoa.

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(iii) Food donated by Swiss Government to City of Genoa.

This gift was originally reported to consist of 1200 tons of canned meat and 4000 tons of wheat. Allocation was made by the Combined Boards on this basis. However, when delivery was made of only 1900 tons of wheat and 35 tons of canned fish, it was reported that this gift had been reduced to considerably less than half its original size and that the balance of food remaining to be shipped amounted to only 100 tons of wheat and 150 tons of canned fish.

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(iv) Temporary Imports.

1. General.

It has been stated unofficially that the Italian Government intend to take up every possible offer to import temporarily raw materials to be worked in Italy and re-exported. These imports fall into two classes :

a) Raw material which, after manufacture or processing, will be returned to the country of origin. In these cases, proposals to date, have entailed the retention by Italy of a part of the raw material as a recompense for the work of manufacture.

b) Raw material from one country to be processed in Italy and exported to a third country.

2. Mother-of-pearl.

Approval has been given to three different firms to import sea shells and mother-of-pearl from America and subsequently to export cameos, etc., to America. The credit balance in America resulting from this trade will be available for purchases by the Italian Government.

3. Hides.

There has been some progress in the projected import of 2000 tons of raw hides, of which 1000 tons would be retained in Italy as recompense for tanning the remaining 1000 tons.

Source of supply is now known to be Argentine. The hides would be equally divided by weight between dry hides of 9½ to 10½ kilos and dry hides of 4½ to 5½ kilos.

Allocation has been requested from Washington.

4. Cotton for hemp.

Preference of 150 tons of American cotton for

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b) Raw material from one country to be processed in Italy and exported to a third country.

2. Mother-of-pearl.

Approval has been given to three different firms to import sea shells and mother-of-pearl from America and subsequently to export carcases, etc., to America. The credit balance in America resulting from this trade will be available for purchases by the Italian Government.

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Source of supply is now known to be Argentine. The hides would be equally divided by weight between dry hides of 9½ to 10½ kilos and dry hides of 4½ to 5½ kilos.

Allocation has been requested from Washington.

4. Cotton for hemp.

Exchange of 150 tons of American cotton for 50 tons of hemp cloth has been approved by the interested Sub-Commission of AC and is now awaiting the sanction of the Consorzio Nazionale Canapa.

5. Cotton.

Two further temporary imports of cotton involving 500 bales from Egypt and 1000 bales from Turkey have been approved. These two cases are similar and involve the subsequent export of processed cotton to the coun-

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tries of origin. Under present regulations, the processed cotton would be a Reserved Commodity list item and, as such, would require an allocation to be made by the Com-
bined Boards before it could be shipped. However, authority is being sought for this Sub-Commission to approve temporary imports of uncontrolled raw materials, without refueling to Washington, when such imports entail the subsequent export, to the country of origin, of the raw material, of finished products which would be normally subject to allocation by the Combined Boards.

(v) Needles for Knitting Mills.

No facilities exist for direct communication with Allied Military Government in Germany for the procurement of needles urgently needed by knitting mills in Italy. It has been decided by C-5, AFM, that procurement must be arranged through CIA who are to be requested to obtain them from Germany.

(vi) Vitamins.

Negotiations have been started to obtain considerable quantities of Vitamin A and Vitamin D, in highly concentrated form, from England. This will be a straight-forward purchase by the Italian Government out of Sterling credits in London.

(vii) Opium.

Italian Government program requirements for opium have been referred back by Washington to the Italian Government with recommendation to obtain 2 tons from Great Britain and the balance from Iran or Bulgaria. However, as it is known that the Italian Government were hoping to trade sulphur for opium with Turkey, this country will be proposed as an alternative source of supply.

(viii) Food to be bought from Argentina.

The Ministry for Foreign Affairs have instituted further enquiries for the purchase of meat, fats and oil from Argentina. The quantities involved have now risen to 700,000 tons of meat and 70,000 tons of oil and fats, which represents a large amount of the country's production.

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(viii) Meat to be bought from Argentine.

The Ministry for Foreign Affairs have instituted further enquiries for the purchase of meat, tallow and oil from Argentina. The quantities involved have now risen to 100,000 tons of meat and 70,000 tons of oil and fats, which represents a large increase on their original proposal to buy monthly 3000 tons of these commodities. Unfortunately, initial action taken by the Ministry of Foreign Affairs was not co-ordinated with the Ministry of Food, with the inevitable result that Commerce Sub-Commission were obliged to refer the whole question back to these two Ministries for them to submit a mutually agreed demand for these food-stuffs. It may be expected that a firm demand will be made soon. However, any purchase of canned meat and fats is dependent on an appropriate allocation being made by the Combined Boards.

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(ix) Chicago Customs and Italo-Swiss frontier.

The Italian Government have been informed of the CCS decision that the Italo/Swiss frontier should be closed until such time as the Italians accept the American Proclamation and British Statutory lists. However, this Statement of policy has not prevented the submission of a number of "special cases" to this Sub-Commission in the belief that exemption would be made to permit the completion of some particularly concluded exchanges. These requests came from private firms, from the Ministry of Industry and Commerce and from A.I.C. offices. As the ruling of the CCS was unequivocal, nothing could be done to accede to these various requests.

(x) Eritrean Button Factory.

An application was received from BIA, Eritrea

for:

- a) Visit to Italy of a representative of the Dum-nut button industry to be sanctioned by the Italian Government;
- b) The loan of some button technicians to Eritrea;
- c) The supply of about a ton of vegetable dyestuffs.

The Italian Government did not agree to any of the requests.

(xi) Wool from Malta.

The first consignment of wool amounting to 20 tons was delivered to Taranto. Ministry of Food have requested that future consignments should be made to Syracuse and arrangements have been made accordingly.

There is a probability that there will be a

commission in the belief that exemptions would be made to permit the completion of some partially concluded exchanges. These requests came from private firms, from the Ministry of Industry and Commerce and from A.M.S. offices. As the ruling of the CCS was unequivocal, nothing could be done to accede to these various requests.

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An application was received from SRA, Eritrean for:

- a) Visit to Italy of a representative of the Dum-nut button industry to be sanctioned by the Italian Government;
- b) The loan of some button technicians to Eritrea;
- c) The supply of about a ton of vegetable dyestuffs.

The Italian Government did not agree to any of the requests.

(xi) Wax from Malta.

The first consignment of wax amounting to 80 tons was delivered to Teramo, Ministry of Food have requested that future consignments should be made to Syracuse and arrangements have been made accordingly.

There is a probability that there will be a small but regular supply of wax at the same price of 3800 liras per ton FOB Malta. This would be a useful import for Italy and the regular shipping service from Malta to Syracuse overcomes transport difficulties.

(xii) Cellulose.

CCAC have recommended that Italy obtain her September requirements of cellulose from Austria or Czechoslovakia. As there is no machinery for obtaining large quantities of goods from Austria and as the Italian Government have, as yet, no direct channel of communication with the Allied Military Government of Austria,

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enquiries have been put through AFHQ to RTA with a view to obtaining some or all of the required cellulose from Austrian sources.

The quantities are the same as were included in the programme of essential Italian imports :

- 16,500 short tons of cellulose for paper;
- 3,300 short tons of cellulose for rayon.

Meanwhile extensive enquiries and trading offers are being made with a view to obtaining cellulose from other sources.

(xiii) Rayon at Chiasso.

There have been some complicated developments in the matter of the 450,000 kilos of rayon, originally the property of SNIA Viscose, which is lying at Chiasso and for the return of which to Italy the American Legation in Bern have been actively negotiating.

The chief difficulties have been in :

- a) establishing the authority of a firm or individual, duly recognized by the Italian Government, to act as agent in Switzerland for SNIA Viscose. No less than three individuals and one firm of brokers have claimed to have agents' rights.
- b) establishing title to the rayon.
- c) arranging for payment of the phenomenally high charges which must be settled before the rayon can be recovered. These charges are said to total 500,000 Swiss francs and may entail the sale of 100,000 kilos of the rayon when title is eventually established.

All available information bearing on the above problems has been transmitted to Bern via the American Embassy in Rome.

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All available information bearing on the above problems has been transmitted to Bern via the American Embassy in Rome.

(xiv) Reserved Commodity List

Three more items have been removed from the Reserved Commodity list of goods and raw materials under the control of the Combined Boards, namely:

- 1. All forms of copper & copper products, except copper sulphate.
- 2. Cellulose.
- 3. Pyrites.

Furthermore, a revised list is being issued and is expected soon. It is to be anticipated that the new list will show further important reductions. *Copy out the other day*

C. EXPORTS.

(i) Marble.

Investigations are being conducted on the possibility of resuming exports of marble from Carrara and other Italian quarries to both USA and UK. Samples are being collected and offers will be sent forward upon completion of investigations.

(ii) Straw Goods.

Further steps have been taken to aid the resumption of exports of straw hat bodies and straw braids. Offers totalling about 150 million lire are actually under consideration by USCO and USA importers. Italian manufacturers have finally agreed to reduce their prices, in accordance with the ceilings established by the United States Office of Price Administration. Thus important orders should be forthcoming in the very near future.

(iii) Artisan Industry.

The Handicraft Development Inc. of New York has completed its survey of all the best producers of artisan-ware and its members have returned to the USA.

(iv) Malta.

Malta has asked permission to send a trade delegation to Sicily in order to examine the possibilities

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Malta has asked permission to send a trade delegation to Sicily in order to examine the possibilities of increasing purchases of foodstuffs (fresh fruit and vegetables, etc.). This proposal has been referred to the Ministero Industria e Commercio.

(v) Poland and Czechoslovakia.

CCS Washington have been requested to allocate lemons, almonds, pinecones, pistachio nuts and sumac, Category "A" commodities, included in the list of items to be negotiated by the Italian Trade Delegations.

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(vi) Wines.

A thorough report on Marsala wines and Vermouth exported to the US since "D" day has been received from the USGO and forwarded to ICE.

(vii) Essential Oils.

The matter of the 66,096 kilos of lemon oil purchased by MBS has been investigated and an assurance obtained that no further purchases will be made unless coordinated with AC.

(viii) Compensation trade.

An export from Italy of 600,000 meters rayon crepe to Sweden and 836,000 yards to Australia on compensation basis against 5,370 tons cellulose to be imported to Italy from Sweden was submitted to GGG for the allocation of this rayon and cellulose.

Allocation of these commodities was also requested in connection with export from Italy of 6,500 Kcs. rayon to Switzerland as payment of storage charges on 750 tons Italian owned cellulose lying in Switzerland to be returned to Italy.

(ix) Raisins.

Sample and selling terms of Pantelleria raisins were supplied to S & I, AFMA on their request.

(x) Food.

Screening of exportable surpluses of food commodities submitted by the Italian Government was dealt with in conjunction with Food S/C and AFMA and approval was given to the Italian Government. Allocation was made of oranges for which the actual position will have to be ascertained in November. Immediate approval could not be given for late cry "A" commodities as allocation by Washing-

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(xi) Statistics.

The total value of exports reported to US by the Italian Government was:

lit. 5,000,750

made up as follows:

- 10 - 1298

EXPORTS SEPTEMBER 1945

<u>TO USA</u>			Lire
Argols	200 tons		6,173,215
Briarwood	90 tons		8,262,000
Citron Peels in Brine	174 tons		2,524,595
(x) Citric Acid	16 tons		1,576,170
Snuff Tobacco	6.1 tons		1,300,320
Human Hair	0.120 tons		341,050
<u>TO UK</u>			
Argols	100 tons		2,735,091
Wine Lees	374.6 tons		2,196,888
Vegetable Seeds	0.906 tons		601,095
<u>TO ALBANIA</u>			
Meadow Seeds	65.2 tons		11,084,000
<u>TO MALTA</u>			
Wine	496.8		15,895,634
Sulphur	10 tons		170,000
	<u>TOTALS 1,533.726</u>		<u>53,860,758</u> ^{total} _{exported}

(x) for British Mission NAAPF - New York.

2. INTERNAL TRADE

A. GENERAL

No appreciable change has taken place in the internal functions of the Division during the period under review.

Responsibility for handling PCL activities has been handed to Materials Division during the absence of Chief of the P.O.I. Division who is on leave in the UK.

Policy generally has not changed and will probably

1,300,320
341,050

0.120 tons

TO UK

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Policy generally has not changed and will probably remain fairly static until the turnover of the Northern Regions to the Italian Government.

B. MATERIALS

(i) Leather.

Effective after 30 Sept. "Leather and all leather articles" were deleted from the list of A.F.L.R.(I)E. controlled materials.

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(ii) Flywood & Hemp.

At the meeting of the Materials Committee on 27 September, it was recommended that Flywood and Hemp be also decentralized. Joint action by the Chairman of the Board is awaited.

approved by C.C.

(iii) Cement.

The "Italcementi" works at Civitavecchia, producing cement, have been derequisitioned by F.B.S. effective 1 October.

(iv) Lumber.

Negotiations are being conducted between the Italian Government and the American Forestry Engineers for the handing over of the derequisitioned lumber zone in Calabria.

C. I.C.I.

Effective 31 October, all demands for POL for foreign Embassies, Consulates, diplomats, etc., will have to be met by the respective Governments of the applicants. Full details on this subject have been circulated to the Regions under letter reference AC/5146/COM/POL 1, dated 1 October 1945.

D. A.F.L.R.S. ENQUIRIES.

<u>Reference</u>	<u>Date</u>	<u>Commodity</u>	<u>Result</u>
LRS/232	23 Sept.	Starch	In course

E. TYRES & TUBES.

During the month of September the Tyre Section allocated approximately 1,050 tyres and 4,500 tubes to the Italian Government for distribution in the territory under its direct control.

An additional 300 tyres that had been rejuvenated under the supervision of Ditte Firilli was ordered by this Sub-Commission to be placed at the disposal of the Italian Government.

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3. ACTIVITIES OF MIEMO OFFICE.

A. General.

After a month or six weeks (during late July and August) devoted to the organization of the office and determination of the procedures to be followed in relations between Commerce Sub-Commission and the Industrial Council and Committees, the month of September brought forth developments and results of a much more concrete nature.

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The relations of this office with the Industrial Council have been of the best and have been proven in the results obtained. The director of this office has been in daily contact with the members of the Council and has been very favourably impressed with their competence, sincerity, and desire for accomplishing their tasks promptly and efficiently. It is the opinion of this office that if delays have occurred they are the result of the fact that the number of problems which confront Italian industry is enormous and the time and personnel available for solving the same is limited. The efficiency of the industrial committees has varied considerably from one to another. However, reorganizations have taken place and many of the least efficient committees of July are today doing an excellent piece of work. The main difficulties at present which confront the committees and the Council are continuous interferences on the part of A.M.G. or local Italian authorities. However, as local Italian authorities have steadily decreased in the past month as the result of the spirit of co-operation given by A.M.G. officers to this office, local, unilateral action on the part of prefects, etc. have increased and have attempted to disrupt many of the approved programs.

B. Leather and Shoes:

1,200,000 pairs of shoes of all types found in North Italy at date of liberation have been distributed on a provincial basis with 50% being assigned to South Italy for distribution by the Ministry of Industry and Commerce. The part for North Italy have been almost completely distributed and the balance will be within a few days.

The leather found available at date of liberation has been assigned to the shoe manufacturers under contract to the Comitato Civile... 7,500,000 shoes will be produced during the next six months for distribution to the civilian population.

C. Textiles and Clothing:

88,000,000 kilos of textile and clothing were

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88,000,000 kilos of textile and clothing were declared available to the Comitato Tessili. Under terms of a scheme proposed by the Minister of Industry and Commerce, 22,000,000 kilos were reserved for provincial distribution at fixed, low prices and the balance to be permitted to enter the free market.

At present the Comitato is reviewing the stocks of each firm and subtracting from them the items required for the 22,000,000 kilo pool or "contingente". To date the Comitato has made several provincial allocations where the need for clothing is greatest and as rapidly as a firm's stocks are reviewed the materials not needed are allowed free sale.

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As a result of this policy and also the arrival of raw cotton in the port of Genoa, the prices of textiles in North Italy have taken a decisive turn downwards:

D. Paper.

The production of newsprint is being maintained at the agreed figure of 1410 tons per month and coal is being allocated to the paper mills producing this item in order to meet this figure.

The paper mills have agreed to furnish 2,000,000 notebooks to the school children of North Italy at 4 lire each. These notebooks will be distributed to the pupils by the schools in order that the profits of the retailers may be eliminated. In addition an agreement has been made with the paper mills and the stores that notebooks in addition to the s/m quantity will be produced by the mills for 6.1/2 lire and sold at not more than 11 lire.

Paper for school text-books will also be supplied by the mills in agreement with this office and the Regional Education officers. Only the books which conform to a price schedule set up by Commerce Sub-Commission and the Industrial Council will be approved for use by the schools and will receive allocations of paper.

The paper mills have also contracted to make 5,000,000 paper bags per month for cement and fertilizers for the three months of October-December 1945.

The paper situation on the whole is favorable but the future depends entirely on the importation of cellulose. It is hoped that the 40,000 tons on requisition in the U.S. will be delivered in Italy in the near future.

E. Electric Light Bulbs.

The paper mills have agreed to furnish 2,000,000 notebooks to the school children of North Italy at 4 lire each. These notebooks will be distributed to the pupils by the schools in order that the profits of the retailers may be eliminated. In addition an agreement has been made with the paper mills and the stores that notebooks in addition to the 6/m quantity will be produced by the mills for 6.1/2 lire and sold at not more than 11 lire.

Paper for school text-books will also be supplied by the mills in agreement with this office and the Regional Education officers. Only the books which conform to a price schedule set up by Commerce Sub-Commission and the Industrial Council will be approved for use by the schools and will receive allocations of paper.

The paper mills have also contracted to make 5,000,000 paper bags per month for cement and fertilizers for the three months of October-December 1945.

The paper situation on the whole is favourable but the future depends entirely on the importation of cellulose. It is hoped that the 40,000 tons on requisition in the U.S. will be delivered in Italy in the near future.

E. Electric Light Bulbs.

3,000,000 electric light bulbs were distributed during the months of July-September with 2,000,000 being sent to South Italy. Another 3,000,000 will be distributed during the months of October-December and since there is no production of these items at present and none scheduled for the immediate future another 3,000,000 are being reserved for distribution in the period of January-March 1946.

F. Cement.

76,000 tons of cement were allocated for the month of September; 60% on a provincial basis and 40% reserved for military needs and for public works and utilities of more than provincial importance.

G. Tyres.

During the month the Comitato Gomme distributed to the civilian population 3,386 automobile tires and 2,621 automobile tubes and 48,528 bicycle tires and 17,736 bicycle tubes, all from local production.

H. Captured Enemy Materials

This office is prepared to begin the distribution of consumers' goods ex stocks captured from the Germans as soon as such will be placed at the disposal of Commerce Sub-Commission. However, to date there have been received only the contents of thirteen (13) rail cars ex P.F.S., Leghorn for which an inventory is now being prepared.

4. ADMINISTRATION

A. Releases.

During the month the following officers proceeded on release:

- Capt. J.R.B. Turner 156994 R.A. from Piemonte Region;
- Capt. B. Kockeleff 272292 V from Venezia Region.

B. Assignments.

- Capt. J.W.G. Savair 159203 I.C. from Liguria Region to HQ;
- Major C.M. Duncan 142892 I.C. " HQ to Venezia-Giulia;
- 1st Lt. J.A. Ritner 01634515 from Piemonte to Milan Office;
- Capt. A.G. Lathorne 307405 R.A.C.C. from HQ to Milan Office.

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4. ADMINISTRATION

A. Releases.

During the month the following officers proceeded on release:

- Capt. J.R.S. Turner 156994 R.A. from Piemonte Region;
- Capt. B. Kocheleff 279292 V from Venezia Region.

B. Assignments.

- Capt. J.W.G. Squair 159903 I.C. from Liguria Region to HQ;
- Major C.M. Duncan 142892 I.C. " HQ to Venezia-Giulia;
- 1st Lt. J.L. Ritner 01634515 from Piemonte to Milan Office;
- Capt. A.G. Laptherne 307405 R.A.C.C. from HQ to Milan Office.

Handwritten signature
 H.A. GENT,
 Major,
 Director
 Commerce Subcommission

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
COMMERCE SUBCOMMISSION

SEP 21 1945

MONTHLY REPORT

August 1945

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August 1945

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COMMERCE SUB-COMMISSION

MONTHLY REPORT - AUGUST 1945

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1. FOREIGN TRADE.

A. ITALY.

(i) Director's London visit

Major H.A. CERN, Director of the Sub-Commission, left for London via AMS on the 21 August to hold consultations with the War Office and British Ministries on the assumption of responsibility for foreign trade by the Italian Government (referred to below in connection with directive I.M. 610). Opportunity was taken to review the position of U.K. trade with Italy and a Board of Trade Order was issued in London on the 3 September authorising United Kingdom traders to resume trade in goods with Italy and leaving them free to negotiate contracts with the appropriate agencies of the Italian Government. This represents an important first step to the resumption of private trade on both sides and since it has recently been clarified that the observance by the Italian Government of the Statutory and Proclaimed Lists ("Black Lists") is a pre-requisite only to trade with countries other than U.S. and U.K., there is now no material obstacle to direct trade under licence between private firms in Italy and U.K. as soon as the Italian Government decide to take this step.

(ii) Assumption of Foreign Trade by Italian Government

As from 1 August, the directive communicated by Ben C40 was scheduled to come in force. The signal which communicated the directive was obscure in one respect. It stated that the Italian Government "should" agree to recognize Proclaimed and Statutory Lists in its export dealings. The word "should" adds it ambiguous as to whether such recognition of the "Black Lists" was a prerequisite of the liberty to be given to the Italian Government in its export activities and to the withdrawal of all from export duties. A signal was received since which clarified this point and stipulated that the recognition by the Italian Government of the "Black Lists" was a prerequisite for the implementation of the new trade directives. So far, the Italian Government has not taken action to recognize the lists.

A reply was received from the President of the Council of Ministers to the Chief Commissioner's letter concerning the

(1) Director's London Visit

Major H.A. GEM, Director of the Sub-Commission, left for London via AFM on the 21 August to hold consultations with the War Office and British Ministries on the assumption of responsibility for Foreign Trade by the Italian Government (referred to below in connection with directive TAY 640). Opportunity was taken to review the position of U.K. trade with Italy and a Board of Trade Order was issued in London on the 3 September authorising United Kingdom traders to resume trade in goods with Italy and leaving them free to negotiate contracts with the appropriate agencies of the Italian Government. This represents an important first step to the resumption of private trade on both sides and since it has recently been clarified that the observance by the Italian Government of the Statutory and Proclaimed Lists ("black lists") is a prerequisite only to trade with countries other than U.S. and U.K., there is now no material obstacle to direct trade under licence between private firms in Italy and U.K. as soon as the Italian Government ceases to take this step.

(ii) Assumption of Foreign Trade by Italian Government

As from 1 August, the directive communicated by TAY 640 was scheduled to come in force. The signal which communicated the directive was obscure in one respect. It stated that the Italian Government "should" agree to recognize Proclaimed and Statutory Lists in its export dealings. The word "should" made it ambiguous as to whether such recognition of the "black lists" was a prerequisite of the liberty to be given to the Italian Government in its export activities and to the withdrawal of all area export licences. A signal was received subsequently which clarified this point and stipulated that the recognition by the Italian Government of the "black lists" was definitively necessary for the implementation of the TAY 640 directive. So far, the Italian Government has not taken action to recognize the lists.

A reply was received from the President of the Council of Ministers to the Chief Commissioner's letter communicating the above directive. In this letter the President made certain suggestions. First, in view of the imminent hand-over of the North to the Italian Government it seemed hardly possible to prepare a system of procedure for this area, especially in view of the fact that good liaison already existed with AFM. ALCM agreed to this in the Chief Commissioner's reply. Further, the President suggested that to reduce the difficulties arising from screening by ALCM of all exportable surplus, there should be prepared a list of products,

(2)

to be agreed mutually, for which the Italian Government would receive an over-all discount, and consequently would be able to use in their negotiations with foreign powers. The President also made reference to the question of temporary imports of raw materials to be manufactured into finished products for re-export such as cotton and wool. Certain difficulties arise, inasmuch as cotton is not a material controlled by Combined Boards in Washington, but on the other hand, when manufactured into cotton yarn it becomes a controlled material. This question is being taken up by signal with Washington in which a request is made that authority should be given to AICOM to approve such transactions. The President finally referred to the reorganization of Italy's foreign trade administration, and stressed the fact that all departments were studying the question very carefully, basing their deliberations on the criterion that private persons should be left free, as far as possible, in their relations with their foreign traders. He further considered that all matters concerning foreign trade should be centralized in one state administration, probably the Ministry of Industry and Commerce with an Under-Secretary for foreign trade. These are the main points from the President's letter.

(iii) Agreement between Italy and Switzerland

The Economic Mission, which went to Switzerland for the purpose of arranging a Trade Agreement, has returned to Italy.

Negotiations were concluded between the two governments but ratification of the agreement is delayed pending approval from Washington on certain financial points.

(iv) Bids for Singapore

The procedure for this is not finally settled, but it is anticipated that the Italian Government will be able to win the bid against the U.S. Zone 3 bidders for expenses, and will submit in due time for a copy of circulating them through the Sub-Commission.

B. IMPORTS.

(i) General

There are clear signs that many Italian firms are ready to resume imports as soon as private trading is permitted. At present, only those private concerns which are known to be

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Negotiations were concluded between the two governments but ratification of the agreement is delayed pending approval from Washington on certain financial angles.

(iv) Bids for Sialidin

The procedure for bids is not finally completed, but it is anticipated that the Italian Government will be able to obtain bids direct on the Zone B permits for Sialidin, and will submit similar bids for Sialidin by circulating them through the Sub-Commission.

B. IMPORTS.

(i) General

There are clear signs that many Italian firms are ready to resume imports as soon as private trading is permitted. At present, only those private proposals which are sponsored by the Italian Government are permitted. It is a requisite condition to the sponsoring of such goods that they must necessarily be of direct benefit to the national economy and even this type of trade is limited by the inability of firms to conduct transactional correspondence. Since nearly all the importing imports, other than categories "A" and "B" requisition supplies, are the result of proposals by private firms, it would seem that the chief limiting factor to the development of import trade is the restriction on commercial correspondence, and it is suggested that steps should be taken now to make provision for the removal of this limiting factor inasmuch as the Italian Government recognizes the Statutory and Prohibited Lists.

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(ii) Phosphate Rock

Implementation of the 200,000 tons phosphate rock allocation from Tunisia to Italy remains the outstanding import problem. It is incidental to this supply of phosphate rock by the French that Italy shall furnish France with 100,000 tons of pyrites to offset partly the cost of the phosphate rock. The difficulty is with the French and Italian Governments to reach agreement on the pyrites in relation to the phosphate rock, accepting the French price of phosphate rock as a basis, the relative price of the Italian pyrites is very far in excess of the prices of inferior grades of Spanish and Portuguese pyrites which the French claim to be able to purchase.

Partial agreement was thought to have been reached at an emergency meeting between the French and Italian representatives, held recently in Rome. The basis of the agreement was that the Italians should immediately authorize loading of pyrites as and when shipping should be made available. The French, in their turn, should give instructions for the resumption of phosphate rock shipments. The unresolved question of the phosphate rock - pyrites price ratio was to be the subject of later discussion and agreement. The Italian side of this arrangement was fulfilled immediately and confirmed to this Headquarters by the Italian Prime Minister. Action by the French was first delayed, pending the receipt of approval from Paris, and finally refused when the French Government declined to agree to phosphates being shipped.

Meanwhile the results of this delay in phosphate rock was for the period July 1947 - June 1948. No phosphate were sent during July or August and it is unlikely that any can be sent in September. This means a loss to the Italian agricultural program of over 150,000 tons of phosphate rock or 200,000 tons of finished fertilizers of vital importance. This is sure to affect adversely the food situation in 1946. Subsidiary problems are the discontinuation of shipping schedules and the loss of employment in the chemical industry which is faced with the probability of closing several plants through lack of raw material.

(iii) Argentine Wheat

The 100,000 tons of wheat which was presented to Italy by the Argentine has not yet been allocated by the Combined Board. No information is available as to where this allocation has been delayed, and the Italian Government have again made enquiries regarding the availability of this wheat. As a result, a further

Handwritten note:
The wheat was not shipped until 1948.

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Handwritten note:
to
French
representative
with
copy
of
this
report

Meanwhile the records of this delay are unavailable and serious. The combined allocation of 300,000 tons of phosphate rock was set for the period July 1945 - June 1946. No shipments have been made since July on account and it is unlikely that any can be made in September. This means a loss to the Italian agricultural program of over 100,000 tons of phosphate rock or 200,000 tons of finished fertilizers of vital importance. This is sure to affect adversely the food situation in 1946. Subsidiary problems are the disorganization of shipping schedules and the loss of employment in the chemical industry which is faced with the probability of closing several plants through lack of raw material.

(iii) Argentine Wheat

The 100,000 tons of wheat which was presented to Italy by the Argentine has not yet been allocated by the Combined Boards. No information is available as to where this allocation has been delayed, and the Italian Government have again made enquiries regarding the availability of this wheat. As a result, a further signal has been sent to Washington to obtain either the necessary allocation or an interim report on the situation.

(iv) Food from Switzerland

Combined Boards have agreed to the allocation to the City of Geneva of 4,000 tons of wheat and 1,200 tons of coarse meat, ordered to that city as a gift by Switzerland. Armed forces are in need for subsistence from Lisbon, where the food is now lying.

(4)

(v) Mediterranean Countries and the Middle East.

There have been several difficulties in the way of arranging imports from those countries, the chief of which has been the absence of comprehensive directives. The Italian Government are now arranging to negotiate directly with those countries. Payment for goods purchased may be made either by the transfer of sterling or dollar credits, in the absence of credits gained by the export of Italian goods. AC will undertake to make any applications for allocation which may be necessary either to Middle East Supply Centre, in the case of commodities which are controlled by that organization, or to Washington for items in the Reserved Commodity List.

With areas under British administration, the situation is somewhat different. Financial accounting is to be handled through the "Italian Suspense A/C" by L.C.P.O. Cairo. It is desirable to maintain an approximate balance of export and import trade between Italy and those areas. Clearance of certain items with K.E.S.C. and with Washington will also be necessary. To simplify these various matters, enquiries are now in hand to establish a regular procedure, particularly as regards K.E.S.C. For these reasons, it is not considered opportune to exclude AD ITC, by means of communication which may be established between the Italian Government and British Military Administrations.

As regards Eritrea, it is interesting to note that the Italian Government have suggested that part of the exports from that country could be made without payment, as some of the firms there located are owned by Italians resident in Italy. It is not known yet whether this suggestion will meet with sympathy from the B.K.A. Eritrea who are responsible for the economic rehabilitation of that country.

Negotiations now in progress, are primarily designed to provide Italy with much-needed bones for her glue industry, with skins and with tunny fish and other foods.

(vi) Plan from Spain.

Negotiations for the purchase of up to 4,000 tons of salted fish from Spain, have been abandoned. The advantage of this trade

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Negotiations now in progress, are primarily designed to provide Italy with much-needed bones for her glass industry, with skins and with tunny fish and other foods.

(vi) Fish from Spain.

Negotiations for the purchase of up to 4,000 tons of salted fish from Spain, have been abandoned. The advantage of this trade, when initially contemplated, was the readiness of fishing concerns in Spain to accept payment in Italian lire to be spent in Italy. Intervention by the Spanish Government resulted in a request, which was not acceptable, for payment in Spanish currency. However, an Italian mission has gone to Spain and it is expected to arrange for the import of fish in oil. In any case, fish in oil is considered greatly preferable to salted fish owing to its superior food value.

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An attempt to detach a ship from the Italian coastal trade to go to Spain was unsuccessful. The shipment of fish from Spain will be treated in exactly the same way as any normal shipping requirement.

(vii) Fish from Turkey.

Good progress is reported toward obtaining a regular supply of fish from Turkey. To this end a total of four schooners, or about 900 tons each, will probably be released to the Italian Government, to be used exclusively for fish imports from Turkey. The Italian Government is sending a fishery expert to Turkey so that the trade may be reorganized in something approaching a pro-year basis.

(viii) Railway track and sleepers.

A quantity of railway track and sleepers were included in Category "A" requisition for the reconstruction of the Italian State Railway. Washington advised that while the British available great difficulty was being experienced in providing the sleepers. In the meantime, the Italian Government received an offer from a British firm to supply track and sleepers. The quantity of track is 15,000 tons. If these arrive before these requisitions, which seems unlikely, the Category "A" requisition will be reduced by this amount.

(ix) Temporary Imports.

There have been several instances of firms in other countries offering to send raw material into Italy for processing and re-export. In most cases the recompense for Italy consists of a percentage of the raw material which may be retained. These cases would not involve Italy in the expenditure of any foreign credits, and would be a valuable source of raw material and much needed employment. There are already several cases to negotiations in hand for the temporary import of Egyptian and Turkish cotton to be spun in Italy and re-exported to the country of origin. The question of these temporary imports has been taken up with GCS by signal.

The most recent case of a large temporary import, concerns a New York firm who have offered to send 2,000 metric tons of hides to Italy, for tanning, of which 1,000 tons are to be re-exported to the supplying firm and the remainder retained as permanent stock.

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(viii) Railway track sidings.

A quantity of railway track and sleepers were included in Category "A" requisition for the acquisition of the Italian State Railways. Washington advised that while no track materials of any kind were being ordered in providing the sleepers. In the meantime, the Italian Government received an offer from an English firm to supply truck and sleepers. The quantity of track is 15,000 tons. If these arrive before these requisitioned, which seem unlikely, the Category "A" requisition will be reduced by this amount.

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The most recent case of a large temporary import, concerns a New York firm who have offered to send 6,000 metric tons of hides to Italy, for tanning, of which 1,000 tons are to be returned to the supplying firm and the remainder retained as payment. This would be a very large and advantageous import for Italy but it is still in the early stages of negotiation. It will necessitate close liaison with ALAS and later with the Ministry of Industry and Commerce. In addition the raw hides will have to be processed.

(x) Textiles.

A satisfactory end has not been reached in the protracted affairs of the Argentine cotton warehouses in Genoa by a group of Italian firms. 2,471 bales of cotton are being released by the Spanish

authorities and may be expected to arrive in Italy soon. Payment of the very considerable storage charges is being effected in Spanish currency which the Italian Treasury has made available for the purpose.

The Italian Government have also shown interest in the purchase, on behalf of Lanificio Rossi, of 700 tons of wool in the English market. This will not be a purchase by the Government with their sterling credits but by a neutral financial group who will be reckoned as part of the proceeds of the finished woolen articles.

Still another supply of raw cotton is proposed from New York. 150 tons of American cotton have been ordered to be Italian in exchange for 50 tons of lamp glass. It was said in only in the early stages and will require considerable credit. It was said by Messrs Davison, Neville Division and the Italian Ministry of Industry and Commerce.

(xi) Imports from Austria.

Little has yet been possible to further the resumption of Italian-Austrian trade. Discussions have been held with a representative of Economic Division of AC Austria and further developments are expected when AC Austria have had more time to establish themselves and decide on possible exportable items. Timber, which is normally one of the largest Italian imports from Austria is not yet available within Austria in sufficiently large quantities for the resumption of this trade. A further problem to be resolved is the establishment of a procedure for recovery of stocks held in Italian owned plants in Austria. In particular, the import of a considerable quantity of cellulose and newspaper paper.

C. Exports

(i) Trade with Poland and Czechoslovakia.

The Italian Government has submitted a list of commodities which it has asked to export to the above countries. Certain of these are controlled by the Government in Italy and are controlled in being obtained. Certain other commodities are controlled by the Government in Italy and are also being obtained. In the meantime, arrangements stand with these countries to start negotiations.

Still another supply of raw cotton is proposed from New York. 150 tons of American cotton have been offered to the Italian firm in exchange for 50 tons of wool cloth. But this deal is only in the early stages and will require considerable coordination between the Economic Division and the Italian Ministry of Industry and Commerce.

(xi) Exports from Austria.

Little has yet been possible to further the restoration of Italian-Austrian trade. Discussions have been held with a representative of Economic Division of AC Austria and further developments are expected when AC Austria have had more time to establish themselves and decide on possible exportable items. Timber, which is normally one of the largest Italian imports from Austria is not yet available within Austria in sufficiently large quantities for the resumption of this trade. A further problem to be resolved is the establishment of a procedure for recovery of stocks held in Italian owned plants in Austria and, in particular, the import of a considerable quantity of cellulose and newspaper paper.

C. EXPORTS

(i) Trade with Poland and Czechoslovakia.

The Italian Government has submitted a list of commodities which it has asked to export to the above countries. Certain of these are controlled by the Combined Boards in Washington and clearance is being obtained. Certain other commodities are controlled by AFTR (E) and clearance with this body is also being obtained. In the meantime, contacts have been made with other countries in order to start negotiations.

(ii) Silk

Mr. Gaddum, representative of the Ministry of Supply, London, has arrived in Italy to complete a contract for 150,000 kilos of raw silk to the U.K.

(iii) Austria

The position regarding trade with Austria is not yet clear. At present it is not known who is the responsible body of the Austrian side with whom the Italian Government can negotiate. AFTR have been asked for a directive on the matter. Meanwhile, a certain amount of trade has taken place between the two countries, in the direct order of AFTR, principally in goods from Italy vital to Austria.

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(iv) EXPORT SHIPMENTS - AUGUST 1945

<u>To U.S.A.</u>				
Silk and Struse	3 1/4 tons		Lire 3,857,400.=	
Books	616 kilos		150,929.=	

			Lire 4,008,329.=	
<u>To MALTA</u>				
Wine	352 1/2 tons		Lire 30,949,794.=	
Straw for barrels	930 tons		6,000.=	

			Lire 30,955,794.=	
<u>To GREECE</u>				
Sulphur	2,500 tons		Lire 19,243,670.=	
<u>To U.S.A.</u>				
Lemon Oil (+)	84,927 kilos		Lire 50,956,200.=	

TOTALS	3,571,543 kilos		Lire 105,868,983.=	
			=====	

(+) This is a July shipment which was not included in the Return for July as it required clarification.

D. ITALIAN OWNED GOODS IN GERMANY AND AUSTRIA

Several inquiries have been addressed to this Sub-Commission to recover from Germany and Austria goods which have been paid for by Italian firms. The first inquiry forwarded to G-5 AFHQ for a ruling, G-5 stated that private companies in Austria could not be foreclosed through seizure of assets. However, the subject will need to be very fully explored for, in some cases, the goods

Silk and Struse Rocks	3 1/2 616	tons kilos	Lira "	3,857,400.= 150,929.=
<u>To MALTA</u>				
Wine Straw for barrels	932 1/2 900	tons tons	Lira "	30,349,794.= 6,000.=
<u>To CHEESE</u>				
Sulphur	2,500	tons	Lira	19,240,670.=
<u>To U.S.A.</u>				
Lenon Oil (+)	84,927	kilos	Lira	50,956,200.=
TOTALS	3,571,543	kilos	Lira	105,868,985.=

(+) This is a July shipment which was not included in the Return for July as it required clarification.

D. ITALIAN OWNED GOODS BY GERMANY AND AUSTRIA

Several inquiries have been addressed to this Sub-Commission to recover from Germany and Austria goods which have been paid for by Italian firms. (to the first inquiry forwarded to G-3 AFHQ for a ruling, G-3 stated that private commercial inquiries could not be forwarded through official channels. However, the subject will need to be very fully explored for, in some cases, the goods concerned are of vital importance to Italian industry. While it is recognized that inquiries should be on a Government level, it is important that some channels of communication be established with Allied Military Governments in Germany whereby semiofficial urgent commercial requirements can be transmitted.

An example which is worthy of mention is the case of stocking and knitting firms who have ordered and partly paid for several thousands of needles for knitting machines. These needles, in total, would only occupy one small packing case, and without them the firms cannot continue. In one instance alone there is the prospect of 1,200 employees being discharged if a supply of needles is not

(8)

obtained within the month. Alternative sources of supply are non-existent except for old stocks which may exist in American or British firms equipped with similar machines. Manufacture is a highly specialized process only undertaken by certain German firms who are known to have stocks on hand.

Directives on the future policy have been requested from G-5 office.

- B. LEATHER
- A. GENERAL

The period under review has resulted in further steps being taken towards turning over as much work as possible to the Italian Government.

(i) Iron, silver and white metal for bearings have been removed from the list of MILS (I) B controlled materials and, at the request of the Ministry of Industry and Commerce, have been added to their list of controlled materials.

(ii) Lumber, other than existing stocks of sawn timber, has been unblocked in the Molise, Veneto and Friuli-Venezia Giulia provinces of Udine lying to the north of Udine, plus the area enclosed by map references E 6450 - B 7360 - B 2050 - C 0580 (sheet 3 Italy Road Map 1/200,000), subject to total industry being maintained. British and American Services have the right to requisition any saw mills which may be necessary for handling any stocks of such timber to meet military requirements. All allied logs and stumpling timber have been unblocked and the Italian Government for essential civilian needs, the volume of sawn timber that is now in production has been permitted to be increased. It is noted that a large amount of blocking order will be required.

(iii) Leather. At the request of the Ministry of Industry and Commerce of Italy, the G-5 proposed that the Italian Government should be permitted to unblock from the list of controlled materials, allocations representing a three months supply made to the Services and MILA on the basis of an enormous availability of leather which was uncovered and blocked in Northern Italy. Approximately 90% of this availability has been turned over to the Italian Government, which is working out a complete plan of distribution in conjunction with the Committee.

GENERAL

The period under review has resulted in further steps being taken towards turning over as much work as possible to the Italian Government.

(i) Tin, silver and white metal for bearings have been removed from the list of MIRA (I) controlled materials and, at the request of the Ministry of Industry and Commerce, have been added to their list of controlled materials.

(ii) Lumber, other than existing stocks of sawn timber, has been unblocked in the Peloponnesus, Crete and Fifth Army portions of Bolluno Province. Lumber remains blocked in that part of Sicily Province of Udine lying to the north of Udine, plus the area enclosed by map references 6150 - 3 7360 - 4 8080 - 6 0350 (sheet 3 Italy Road Map 1/200,000), subject to total industry being maintained. British and American Services have the right to requisition any saw mills which may be necessary for handling any stocks of sawn timber to meet military requirements. All felled logs and standing timber have been made available to the Italian Government for essential civilian needs, and arrangements have been given that as soon as notification has been received MIRA stocks have been cleared of sawn timber. Blocking orders will be removed.

(iii) Leather. At the request of the Ministry of Industry and Commerce of MIRA (I) it was proposed that the items "leather and all leather articles" should be removed from the list of controlled materials. Allocation representing a three months supply were made to the Services and also on the basis of an assessment of availability of leather which was uncovered and blocked in Northern Italy. Approximately 90% of this availability has been turned over to the Italian Government, which is working out a complete plan of distribution in conjunction with the Comitato Industriale del Cuneo and the Milan Office of AC.

(iv) Cement. Representations have been made with a view to obtaining releases for the Ministry of Industry and Commerce of surplus production of cement in military controlled cement plants.

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It is anticipated that P.D.S. will be able to derequisition the inventory items at Civitavecchia in approximately one month's time.

(v) Matches

The Materials Committee has recommended to JIR (I) B that matches be deleted from the list of restricted materials in view of their increased availability.

(vi) Plywood

As the Services are only interested in Plywood of a thickness of 6 mm. and above, it has been decided to release all stocks of this commodity less than 6 mm. in thickness, as well as all types of plywood required for in line aircraft construction.

B. ALLIED INVENTORY

Item No.	Quantity	Acq'd	Released	July	Remarks	Availability
IRS/232	407	"	4	"	Ice Skates	available
IRS/232	408	"	5	"	Lacquer	"
IRS/232	409	"	11	"	Cotton Rope	in course
IRS/232	410	"	12	"	Wood Wool	available
IRS/232	411	"	22	"	Social Insurance	"
IRS/232	412	"	26	"	Tools	"
IRS/232	413	"	26	"	Drawing Instruments	"
					Drawing and	"
					Surveying Instruments	"
IRS/232	414	"	26	"	Russ	"
IRS/232	417	"	28	August	Melting Voo Rops	In course
IRS/232	418	"	29	"	Motor Generators	"
IRS/232	419	"	2	Sept.	Artificial Limbs	"
					and eyes	"

C. REPAIR AND DISTRIBUTION OF SALVAGE CLOTHING AND FOOTWEAR

The Commerce Sub-Committee representative in Naples Commerce has been in charge of the above operations as being withdrawn with the completion of arrangements for the turnover of salvage clothing proceeds to I.C.E. Military requirements for these articles have now practically ceased, and agencies of the Italian Government and Subcommittees of I.C.E. will channel their requests through their respective ministries to the

that matches be deleted from the list of restricted materials in view of their increased availability.

(v2) Plywood

In the Services are only interested in Plywood of a thickness of 6 mm. and above, it has been decided to release all stocks of this commodity less than 6 mm. in thickness, as well as all types of plywood required for Italian aircraft construction.

B. APPLICABLE MATERIALS

Item	Quantity	Order	Date	Availability
LRS/236	407	407	July 4	available
LRS/232	403	403	5	"
LRS/232	409	409	11	in course
LRS/232	410	410	12	available
LRS/232	411	411	21	"
LRS/232	412	412	26	"
LRS/232	413	413	26	"
LRS/232	414	414	26	"
LRS/232	417	417	23 August	In course
LRS/232	418	418	29	"
LRS/232	419	419	2 Sept.	"

C. REPAIR AND DISTRIBUTION OF SALVAGE CLOTHING AND FOOTWEAR

The Commerce Sub-Commission representative in Naples continue who has been in charge of the above operations is being withdrawn with the completion of arrangements for the turnover of salvage clothing processing to I.C.S. Military requirements for these articles have now practically ceased, and articles of the Italian Government and Sub-commissions of I.C.S. will channel their requests through their respective Ministries to the Ministry of Industry and Commerce. The repair of salvaged shoes, which had already been passed to I.C.S., was held up for a time due to lack of rubber soles and heels, which was relieved of the arrival of a shipment of these materials from the U.S. and resumption of deliveries to the Pirella factory.

D. NOVEL LIGHT INDUSTRIAL COMPLEX

(1) Camorco S/O has prepared and submitted to the Italian Govt. and the Regions a draft of an order to supplement that of 9 July 1945 setting up the plan for the manufacture and sale of industrial products of Northern Italy.

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(ii) The purpose of this supplemental order is twofold, namely:

- a. To bring about uniformity throughout the Northern Regions in the application of the plan set up by the order of this date of 7 July 1945, as stated in the 1st paragraph of the draft under reference, and
- b. To provide for a smooth integration of the already established Italian governmental control machinery through the United Provincial Committees (Comitati Provinciali) set up in the North under the 1st paragraph of the draft under reference, and to extend the application of the plan to the rest of the country.

(iii) With reference to a. above, numerous reports were received indicating that different interpretations on the application of the plan have been adopted in the various regions, some of which do not recognize the direct authority of the Industrial Councils under the North Italy Industrial Council (NIIC) operating centrally at Milan to control materials located in the various regions. Blocking orders have been issued without reference to their effect under the program which are being worked out under the NIIC, while various local agencies and provincial authorities have been allowed to interfere in the distribution of commodities which have been or are to be brought under the control of the central Industrial Committees. It is realized that this situation was unavoidable in the early stages of occupation of the North and in the period during which the NIIC was being organized. However, this Council is now believed to be in a position actively to assume the responsibilities for the control of industrial products and the fixing of prices therein under the North Italy Price Fixing Board, and therefore, it is deemed most advisable at this time that every obstacle to the direct assumption of responsibility therefor be removed, particularly before the area passes under the jurisdiction of the Italian Government. The Italian Government has already agreed to the text of the order as submitted.

Steps taken to extend control of NIIC, not unilaterally accepted up to now.

E. CAPTURED GERMAN MATERIALS

Comarco S/C was entrusted with the task of setting up a procedure for the disposal of captured German materials under the authority of 22 June 1945, SC 3863/163 009-0. This would bring such materials under the North Italy Industrial Plan, for storage in Military S/C being the agency to receive them from the military. This Comarco and Industry S/C's respectively held in 1945 to the extent of the status of German products and industrial plant and materials for disposition by agreement with the approved program. A final list of clothing and

...the Italian Governmental Council machinery -
...the number set up in the North under the North
...Industrial Plan looking to the elements of transition
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assume the responsibilities for the control of industrial products and
the fixing of prices thereof under the North Italy Price Fixing Board,
and therefore it is deemed most advisable at this time that every obstacle
to the direct assumption of responsibility therefor be removed,
particularly before the area passes under the jurisdiction of the Italian
Government. The Italian Government has already agreed to the text of
the order as submitted.

Steps taken
to establish
control of
NIIC not
universally
accepted up
to now.

2. CENTRAL CIVILIAN MATERIALS

Commerce S/C was entrusted with the task of drawing up a procedure
for the disposal of Central Civilian Materials under the line of directive
of 22 June 1945 (S.C. 16, 609-0). This would bring such materials
under the North Italy Industrial Plan, War Materials Disposal S/C
being the agency to receive them from the military, while Commerce and
Industry S/C's respectively would go on to the industrial materials
finished products and unapproved plants and materials for disposition in
accordance with an approved program. A first lot of clothing and
textiles held by P.S. at Bergamo is already being dealt with by the
Milan Office of Commerce under this arrangement. Commerce S/C obtained
from Army a clearance for the operation of USTAF (Ufficio Ricupero
Materiale Esplosivi Residuo) in the regions for assuming the custody of
explosive materials in those areas. However in view of the position of War
Materials Disposal S/C in the field, the matter of implementing such
clearance was passed to War S/C.

3. NORTHERN OFFICE OF COMMERCE S/C, MILAN

The Milan Office has been most active in assisting the North Italy
Industrial Council to organize, and in aiding the various Industrial
Councils thereunder to lay on programs for the distribution of

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constant goods, both stocks and anticipated production. One notable instance concerned a lot of 1,000,000 pairs of boots, 55% of which were not used for distribution in Italian desert and territory. It has been likewise active in solving problems inherent in the North and in cooperation with Public Works Board.

3. 2. C. L.

(1) At the beginning of the month Emilia Region and Apulia and Lucra Provinces passed from state to Italian Government control. The main allocation of PCL to Italian Government was increased accordingly and Italian local agencies took over responsibility for allocations to users of the unexpended balance of the August Regional and Provincial allocations.

(ii) Arrangements were made to provide supplies of PCL for additional lead hauling vehicles turned over to AMB and Italian truck pools during the month.

(iii) Petrol coupon booklets as used in Italian Government territory were supplied to all AMB Regions in N. Italy and will replace the temporary type used heretofore. In this way the rationing system will be unified throughout Italy by the time the N. Regions are handed over to Italian Government.

4. TYPES AND TYPES

(i) Distribution

Since June 1944 approximately 5,000 types and tubes of vehicles since have been turned over to the Italian Government with authority to distribute according to their own priorities. In addition to this allocation approximately 5,000 tires and tubes have been allocated directly to (a) the Public Works & Utilities Sub-Commission for resupply to the Public Works & Utilities Companies operating on priorities throughout Italy; (b) the Italian State Railway; (c) C.I.F., who distribute gasoline; (d) the Motor Maintenance Group to equip the several thousand vehicles recently sold to the Italian Government; (e) the Northern Regions; (f) the city bus companies of Rome, Bari and Naples; (g) various other essential individuals.

(i) At the beginning of the month Emilia Region and Apulia and Lucan Provinces passed from us to Italian Government control. The bulk allocation of POL to Italian Government was increased accordingly and Italian local agencies took over responsibility for allocations to users of the undispensed balance of the August Regional and Provincial allocations.

(ii) Arrangements were made to provide supplies of POL to additional land hauling vehicles turned over to us and Italian truck pools during the month.

(iii) Petrol coupon booklets as used in Italian Government territory were supplied to all 1488 Regions in N. Italy and will replace the temporary type used heretofore. In this way the rationing system will be unified throughout Italy by the time the N. Region was handed over to Italian Government.

TIRES AND TUBES

(i) Distribution

Since June 1944, approximately 3,000 tubes and valves of various sizes have been turned over to the Italian Government with authority to distribute according to their own priorities. In addition to this allocation approximately 3,000 tubes and tubes have been allocated directly to (a) the Public Works & Utilities Sub-Commission for reclamation to the Public Works & Utilities Companies operating on priorities throughout Italy; (b) the Italian State Railway; (c) C.I.P., who distribute gasoline; (d) the motor Maintenance Group to equip the several thousand vehicles recently sold to the Italian Government; (e) the Northern Regions; (f) the city bus companies of Rome, Bari and Naples; (g) various other essential individuals.

(ii) Releases

The entire tire release is controlled by the issuance of tire permits. A procedure has been set up with the Italian Ministry of Industry and Commerce whereby all tires allocated to the Italian Government are released through the Michelin or Pirelli Warehouses. All the Ministry release orders are returned to this Headquarters in exchange for a tire permit thus insuring a proper control of all military tires allocated to the Italian Government. Additional functions will be delegated to the Italian Government in the very near future. Since the distribution of tires and tubes has been delegated to the Italian Government to meet civilian requirements arriving from territory under its direct control, all individual

applicants must place their esunds with their local Ufficio Provinciale dell'Industria e del Commercio.

5. ADMINISTRATION

A. RELEASES

(i) Headquarters : Major L.C. WOOD, Chief Materials Division.
" A.H. BOUGHTON R.A., Foreign Trade Div.

(ii) Regions : Major F.G. SCHENK. Wars. from Venetian Region.

B. ASSIGNMENTS

(i) Headquarters : Major S.H.L. SHUL R.A., Foreign Trade Div.
" C.H. DUFFAN, Lt. Colps. Foreign Trade Div
Lt. J.G. COOPER, R.A., Foreign Trade Division.

(ii) Regions : Lt. Col. A.B. FALMER, R.A.C.; Venetian-Ghilia
" Major F.N. BAVIS R.A.
" Capt. J.D. SHOFFER R.A.C., Liguria.

C. VISITS

Major W.E. SCOTTIE paid a visit to the Ceramic factories at Perugia.

The inspection trips were made by Mr. Robert B. SWELL accompanied by members of the Handicraft Development Mission. Producers of artisan goods were visited in Naples, Vietri-sul-Mare, Torre del Greco, Acquafredda, Sesto Fiorentino, Monticchio and Florence. The artisan industries which were the object of these visits included ceramics, leather, jewelry, wooden articles, hand-made textiles and straw goods, also alabaster.

A. ROUTES

(i) Headquarters : Major L.C. WOOD, Chief Materials Division.
" " A.H. BOUGHTON R.A. Foreign Trade Div.

(ii) Regions : Major F.G. SOMERS. Works, from Venezuela Region.

B. ASSIGNMENTS

(i) Headquarters : Major S.N.L. SAUL R.A., Foreign Trade Div.
" " C.H. DUNCAN, Inf. Corps, Foreign Trade Div
Lt. J.S. COOPER, R.A., Foreign Trade Division.

(ii) Regions : Lt. Col. A.R. PARKER, R.A., Venezuela Division
Major P.H. DAVIS R.A.
Capt. J.S. STEPHEN R.A., La Guayana.

C. VISITS

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H.A. GENT
Major
Director
Caribbean Sub-Commission

4403
INTERNATIONAL COMMISSION
APC 394
COMMERCE SUBCOMMISSION

Ref. 40/5130/Commerce

13 August 1945

AUG 2 | 1945

MONTHLY REPORT JULY 1945

I. MATERIALS DIVISION

1. The month has witnessed a gradual decline in the activity of the division as increasing responsibility for the handling of materials of all kinds has been passed to the Italian Government. Further reductions in the list of APFB(I)B controlled materials has resulted in only five items being left as follows:-

1- Stalling timber in the two areas reserved for British and American services in Calabria;

2- Plywood;

3- Leather and all leather articles

4- Hemp;

5- Malt (controlled by the Food Supply Committee).

With the uncovering of large availabilities of leather in Northern Italy, it is anticipated that this item also will disappear shortly from the controlled list.

2. Questions affecting WYSPRINT are now being handled thru the Milan Office of AC.

3. LEATHER BELTING is still in short supply and the Milan Office of Industry Subcommission is taking steps to increase production in the North by the allocation of tanning materials to tanneries possessing hides suitable for manufacture into belting.

4. Steps are being taken by Industry Subcommission to turn over all questions affecting CEMENT to the Italian Ministry of Industry and Commerce.

5. A special delegation from Piemonte Region has come to Sardinia to conduct a trade negotiation in WOOL.

1. The month has witnessed a gradual decline in the activity of the Division as increasing responsibility for the handling of materials of all kinds has been passed to the Italian Government. Further reductions in the list of AFIR(I)B controlled materials has resulted in only five items being left as follows:-

- 1- Standing timber in the two areas reserved for British and American services in Calabria;
- 2- Plywood;
- 3- Leather and all leather articles;
- 4- Hemp;
- 5- Malt (controlled by the Food Supply Committee).

With the uncovering of large availabilities of leather in Northern Italy, it is anticipated that this item also will disappear shortly from the controlled list.

2. Questions affecting RESPRING are now being handled thru the Milan Office of SO.

3. LEATHER BELTING is still in short supply and the Milan Office of Industry Subcommission is taking steps to increase production in the North by the allocation of tanning materials to tanneries possessing hides suitable for manufacture into belting.

4. Steps are being taken by Industry Subcommission to turn over all questions affecting CEMENT to the Italian Ministry of Industry and Commerce.

5. A special delegation from Piemonte Region has gone to Sardinia to conduct a trade negotiation in WOOL.

6. AFIRS Enquiries:

IRS/232	Eng. 407	4/3	4	July '45	Ice Skates	Available
IRS/232	" 408	" 4	"	"	Lacquer	Available
IRS/232	" 409	" 11	"	"	Cotton Rugs	In hand
IRS/232	" 410	" 12	"	"	Wood Wool	Available
IRS/232	" 411	"	"	"	"	Not received
IRS/232	" 412	2/26	July '45	"	Drawing Instl.	Available
IRS/232	" 413	" 25	"	"	Drawing & Surveying Instruments	Available
IRS/232	" 414	" 25	"	"	Rugs	152

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II. FOREIGN TRADE DIVISION

1. Two important Directives were received during the month of July in the form of Tam 583, which increased the liberty of the Italian Government in its external financial affairs, and Tam 640, which authorized the termination of export activities of AO as from 31 July. Tam 640 was received on 27 July and therefore the Italian Government received very short notice of their new responsibilities. A Directive was communicated to the President of the Council of Ministers on 31 July and came into force on 1 August. The effect of this new Directive is to give greater freedom of action on the export side to the Italian Government, who are authorized to deal directly with all countries on a private basis, a Government basis or on a semi-private basis, through whatever channels the Italian Government may decide. Certain restrictions are maintained, such as the screening by Allied Commission of all exportable surpluses, the allocation by Washington of Category "A" commodities (Reserved Commodity List), observance of the Proclaimed and Statutory Lists,

2. Further, Allied Commission is responsible for insuring that allocations of Cat. "A" items are subsequently exported to the country which the Allied authorities specify. Tam 640 also provides for representation of the Italian Government vis-a-vis the United States, by the U. S. Commercial Company. Meantime, Mr. Edwin A. Elbert has arrived from the U. S. to open an office in Rome for U. S. C. C. The U. S. Government buying is to be done through the British Embassy by the representatives of the Government Departments, who are already in Rome. With regard to U. K. traders, those for the present will deal direct with the recognized Italian Government authority and the two will contract as principals.

IMPORT BRANCH

There are two outstanding problems which dwarf the remainder of the import activity, namely the phosphate rock program and the transfer of 100,000 tons of wheat from the Argentine.

Phosphate Rock

The failure of the French and Italian...

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2. Further, Allied Commission is responsible for insuring that allocations of Cat. "A" items are subsequently exported to the country which the Allied authorities specify. T.M. 540 also provides for representation of the Italian Government vis-a-vis the United States, by the U. S. Commercial Company. Mentions, Mr. Edwin A. Elbert has arrived from the U. S. to open an office in Rome for U. S. C. C. The U. S. Government buying is to be done through the British Embassy by the representatives of the Government Departments, who are already in Rome. With regard to U. K. traders, these for the present will deal direct with the recognized Italian Government authority and the two will contract as principals.

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Phosphate Rock

The failure of the French and Italians to reach agreement and sign the contract for 500,000 tons of phosphate rock has already had the following result:

- (a) The loss of the whole of the July scheduled shipments;
- (b) The enforced movement of one ship, from SFAX, in ballast;
- (c) The threat of a loss of further ships from the Mediterranean.

Incidental to the phosphate rock program has been the high shipping rate of L. 1000 per ton. To meet the claim for a substantial reduction of this high rate, a figure of 530 per ton has now been tabled for approval. As yet, it is not ratified, but it appears fairly certain that the new rate will be more than compensate the Italians for the higher price now being asked for phosphate rock by the French.

Wheat from Argentine

No allocation has yet been made by Washington of the 100,000 tons of wheat donated by Argentine to Italy. Request was first made on 12 May and the Italian Government considers this vitally urgent. A request for, at least, an interim reply was signalled to Washington on 28 July 1945.

Trade with Neutral Countries

The development of the import trade with neutral countries has hitherto been handicapped by the difficulty of obtaining shipping. In particular, the import of fish could be vastly increased by the provision of a suitable ship or ships to go to Spain and Turkey. Specific application has been made for permission to divert one ship from the coastal trade to Spain.

Furthermore, for trade deals which Italy may conclude with neutral countries such as Spain, Portugal, etc., bias for shipping may now be made through Commerce Subcommittee and Transportation Subcommittee to UMA Zone and Committee.

Private Trading

The number of specific deals proposed by private firms is increasing. In some cases these proposals are taken over by the Italian Government. But there is evidence that the ultimate volume of imports will be vastly increased as soon as regulations limiting transactional correspondence are relaxed.

Another feature of the tendency to resume private trading is the increasing volume of applications for Italian licenses for foreign firms - particularly American manufac-

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Another feature of the tendency to resume private trading is the increasing volume of applications for Italian agencies for foreign firms - particularly American manufacturers.

EXPORT BALANCE

Export shipments effected during the month were as follows:

Silk & Struse	4.2 tons	to U. K.
Wine Lees	200 "	" "
Angels	60 "	" "

- 4 -

Commodity	Quantity	Unit	Destination
Citric Acid	49	tons	to U. S.
Mustard Seed	110	"	"
Lemon Oil	96.1	"	"
Bergamot Oil	40.1	"	"
Lemon Juice	253.5	"	"
Bitter Orange Oil	3.2	"	"
Tangerine Oil	2.3	"	"
Tartaric Acid	129.5	"	"
Cassis Root	100.	"	"
Sulphur	1,570.	"	to U.S.A.
Salt	98.25	tons	to Greece
Wine	492.	hectolitres	to Malta
Lemons	14.5	tons	"
Vinegar	2.5	"	"
Briarwood	38.	"	"
Lemon Oil	450.	kilos	"

a total of 3,263,098 tons representing an F.O.B. value of more than 181 million lire; this is not an accountability figure.

Commodities:

Angola - I.C.E. purchased 300 tons Argols from various exporters, quantity likely to be increased to 450 tons.

Silk. - General agreement has been reached for export of 150,000 kilos of silk to U.E. However, details have to be worked out.

Change in Classification of Category "A" Commodities

The following revision of the Combined Raw Materials Board list was communicated to us during July: Deletion of chromium metal, chromium ores and concentrates, ferrous chromium remain on the list.

In the artisan industries, various offers for export were received and forwarded. These included ceramics, terracotta statues, marble statuary and wrought iron lamp stands.

Salt	1,570.	"	to U.S.A.
Wine	93.25	tons	to Greece
Lemons	492.	hectolitres	to Malta
Vikiger	14.5	tons	"
Brierwood	2.5	"	"
Lemon Oil	38.	"	"
	450.	kilos	"

a total of 3,263,098 tons representing an F.O.B. value of more than 181 million lire; this is not an accuracy figure.

Commodities:

Argols - I.C.E. purchased 300 tons Argols from various exporters, quantity likely to be increased to 450 tons.

Silk. - General agreement has been returned for export of 150,000 kilos of silk to U.S. However, 30,000 kilos have to be worked out.

Change in Classification of Category "A" Commodities

The following revision of the Combined Raw Materials Board list was communicated to us during July: Deletion of chromium metal; chromium ores and concentrates, ferro chromium remain on the list.

In the artisan industries, various offers for export were received and forwarded. These included ceramics, terracotta statues, marble statuary and wrought iron lamp stands.

III. P.O.I. DIVISION

1. Ente Petrolio Triestina (E.P.T.) has been set up in Trieste by Petroleum Section APHQ to handle the distribution of PCL in Venezia Giulia Region AMG. E.P.T. will work independently from C.I.F.

2. A new appeal to eliminate misuse of PCL was addressed to the Italian Government through the new Prime Minister under signature of the Chief Commissioner. This action was coupled with a request to APHQ for a general drive aimed at drying up the sources from which black marketers secure their supplies. Press notices announcing

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an intensive drive against vehicles circulating irregularly have been put out by the Ministry of the Interior, but no signs of increased Police activity have been noted beyond one isolated Sunday raid on Rome "camionette" carrying passengers to and from Ostia beach. Results have not been reported.

3. The Italian Government bulk allocations was increased proportionately to the total number of trucks handled over during the month for operation by I.S.P. and Trucks Pools. Increased allocations were also allowed by Italian Government for coastal schooner traffic.

H. A. GENT
Major
Director
Commerce Subcommittee

EX DIST

H. A. GENT
Major
Director
Commerce Subcommittee

EX DIST

1 - EX COMM
3 - PRIOR

1528

the uncovering of large stocks of engineering materials in Northern Italy has resulted in a reduction to five items now controlled by the Engineering Materials Committee of AFIR(I)E. These are listed as follows:

1. Tin
2. Solder
3. White metal for bearings
4. Standing timber in the two areas reserved for British and American services in Calabria
5. Plywood

2. Considerable availabilities of other items, including leather, are now being reported both by AMR officers and the forward tableaux of AMRES. It is possible, therefore, that the AFIR(I)E controlled list may be reduced still further in the course of the next two months. A revised list of materials now controlled by AFIR(I)E and the Ministry of Industry and Commerce has been issued in the June Monthly Supplement to the A.C. Manual on Materials.

3. The Rubberized Hemp Belting, produced at Ravenna, has not been found suitable by the Services for use on other than slow-moving machinery. Agriculture Subcommittee, however, has found a ready use for this commodity on threshing machines and, as a result, the greater part of the 4,000 metres which are being produced during June and July have been released.

4. As a result of the decontrolling of cement by AFIR(I)E, 25,200 tons were made available for July to AG for civilian needs, as against 11,200 tons in May and 8,200 tons in June.

5. AFIRS Enquiries:

IRS/	Dns. 399							- Not received
IRS/	" 400							- "
IRS/252	" 401, dated 24 June 1945, Russ preventive							- Available
IRS/252	" 25 " "						Sun Glasses	- In hand
IRS/252	" 27 " "						Medical Instrument	- " "
IRS/252	" 404 " "						Stomachia	- " "
	" 405							- Not received
IRS/252	" 406, dated 2 July 1945, Remelting Brass							- Available.

A. SPECIAL MATERIALS SECTION

(4) Newsprint

1. During the month of June approximately 2,000 tons of newsprint arrived from America; this office was also notified that another lot of 500 tons had been set up for shipment in the U.S.A. The arrival of the latter quantity will complete the newsprint requisition for the first six months of 1945.

2. All the newsprint mentioned in paragraph 1 has been or will be turned over to the Italian Government for the use in the area under its supervision (the area South of the Pisa-Florence line). North Italy is being supplied by local production. With this stock of newsprint

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the Italian Government now has a supply sufficient to meet its needs until 1 January '46. Therefore, this office had the newsprint requisition for the period July-December, inclusive, withdrawn from AFHQ and cancelled.

3. In the North newsprint production continued at the rate of 60 tons per day as had been agreed with the paper mills. However, a revision in the agreement must be made on 15 July when the present contract ends. The production will be continued at 60 tons per day but will be confined to the two mills of BURGO and DONZELLI and not the four mills as at present. Also an upward revision in the price of newsprint will be necessary after 15 July in order that additional labor costs may be met.

4. In conjunction with P.W.B. Officials the following division of the newsprint production in Northern Italy was made:

Lombardia	40%
Piemonte	15%
Liguria	10%
Emilia	15%
Veneto	20%

However, this does not indicate that the newsprint will be actually consumed in the area, for the C.I.M. parties have indicated in certain cities that they prefer having editions of the Milan party papers published for them rather than doing the printing themselves. This has caused the transport problem considerably for the important paper mills are in Lombardia, and it is far easier to deliver newspapers each day from Milan to the other regions than large quantities of newsprint in rolls.

5. P.W.B. is making arrangements through this office to sell to the Italian Government the large stocks of paper which it had stored in Italy for operational purposes and which it does not wish to return to America. In all, it may amount to 2,000 tons of newsprint in rolls and flatbed.

(2). Clothing, Shoes, etc.

1. The reprocessing of salvaged clothing continues in Naples, although quantities available from M.I.I.A. have decreased in a serious fashion. AFHQ was notified of this fact but stated that additional quantities could not be expected.

2. However, the picture was somewhat improved by the arrival from the Mil East of approximately 650,000 garments completely repaired but awaiting dyeing which must be done in Naples. The majority of the items were for summer wear including 576,000 pairs of denim shorts.

3. The shortage of dye which was retarding the reprocessing was relieved considerably by the purchase of 4 tons of dyestuffs in Milan and shipment to Naples.

4. AFHQ has assumed the responsibility of subdividing the 60% of the available repaired clothing allocated to workers of the Armed Forces among the Allied units employing the same. AFHQ has also indicated that M.I.I.A. is to receive 1,000 dyed battle dress uniforms for soldiers being observed

the newsprint production in Northern Italy was made:

Lombardia	40%
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(2). Clothing, Shoes, etc.

1. The reprocessing of salvaged clothing continues in Naples, although quantities available from N.I.A. have decreased in a serious fashion. ANIQ was notified of this fact but stated that additional quantities could not be expected.

2. However, the picture was somewhat improved by the arrival from the Mid East of approximately 850,000 garments completely repaired but awaiting dyeing which must be done in Naples. The majority of the items were for summer wear including 575,000 pairs of denim shorts.

3. The shortage of dye which was retarding the reprocessing was relieved considerably by the purchase of 4 tons of dyestuffs in Milan and shipment to Naples.

4. ANIQ has assumed the responsibility of subdividing the 60% of the available repaired clothing allocated to workers of the Armed Forces among the Allied units employing the same. ANIQ has also indicated that N.I.A. is to receive 5,000 dyed battledress per month for soldiers being discharged from the Italian Army and that this allocation must have top priority over all others. It is a difficult commitment to meet since it takes more than 50% of the availability of battledress and leaves nothing for other units like Patriots Branch which has placed heavy demands on this office for clothing for partisans in the North (25,000 complete sets).

5. The following quantities of repaired clothing and shoes were allocated during the month:

Blouses	56,754
Trousers	44,528
Shirts	4,552
Knickerbockers	219
Overcoats	252

Field jackets	2,538
Undershirts, wool	6,349
Undershirts, cotton	590
Drawers, wool	8,127
Drawers, cotton	2,223
Blankets	2,286
Overalls	3,573
Reinforced	10,098
Socks, prs.	51,447
Caps	15,196
Gloves, prs.	9,982
Scarves	579
Hats	1,446
Shoes, prs.	301
Shoes, prs.	30,913

6. During the month more than 2,000 tons of new and used clothing and shoes and new blankets and comforters arrived in Italy from the U.S.A. It has been consigned to I.C.E. which is making an inventory of the same. A plan for distribution to the civilian population will be drawn up by the Ministry of Industry and Commerce, I.C.E. and this office when the inventory is complete.

II. FOREIGN TRADE DIVISION

1. Export Section

Shipments - Export shipments during the month were as follows:

Jasmin concrete	100 kilos	to U.S.A.
Citrus peel in brine	186 tons	" "
Juniper berries	100 "	to U.K.
Lemon juice	150 "	" Yugoslavia
Sulphur	350 "	" North Africa
Chestnut binding strips	193 "	" Malta
Wire	489 "	" "
Oranges	326 "	" "
Lemons	57 "	" "
Coriander	8 "	" "

a total of 1,046 tons representing an f.o.b. value of over lire 50,000,000, though this is not an exact quantity figure.

Commodities:

Raw tartaric materials, 50 tons raw tartar and 50 tons calcium acetate have been purchased for shipment to U.K. and U.S.A.

811. As the result of a meeting held at the Ministry of Industry and Commerce, 150,000 kilos of raw silk have been offered to the U.K. and also to U.S.A. The former country has accepted the offer with certain conditions. Negotiations continue.

Scarves 9,582
 Towels 579
 Eggs, Barrack 1,445
 Shoes, prs. 804
 30,913

6. During the month more than 2,000 tons of new and used clothing and shoes and new blankets and comforters arrived in Italy from the U.S.A. It has been consigned to I.C.I., which is making an inventory of the same. A plan for distribution to the civilian population will be drawn up by the Ministry of Industry and Commerce, I.C.I., and this office when the inventory is complete.

II. FOREIGN TRADE DIVISION

1. Export Section

Shipments - Export shipments during the month were as follows:

	100 kilos	to U.S.A.
Jasmin concrete	486 tons	"
Citrus peel in brine	193	"
Juniper berries	150	to U.K.
Lebanese juice	350	" Yugoslavia
Sulphur	193	" North Africa
Chestnut barking strips	489	" Malta
Wine	525	" "
Oranges	37	" "
Lemons	6	" "
Coriaria		" "

a total of 1,645 tons representing an f.o.b. value of over lire 50,000,000, though this is not an accountability figure.

Commodities:

Raw tartaric materials. 50 tons raw tartar and 85 tons calcium tartrate have been purchased for shipment to U.K. and U.S.A.

Silk. As the result of a meeting held at the Ministry of Industry and Commerce, 150,000 kilos of raw silk have been offered to the U.K. and also to U.S.A. The former country has accepted the offer with certain reservations. Negotiations continue.

Marble. Conferences have been held with exporters of marble, representatives of U.S.A. and Transportation Subcommission with a view to solving the transportation and loading problems which still prevent the export of marble.

Artisan products. A survey of this industry in newly liberated areas was made and a report forwarded to U.S.A.

Jasmin concrete. 110 kilos were offered to a firm in New York, and a further 25 kilos were purchased for dispatch to the U.S. Jasmin absolute has also been offered to New York.

Accordions. Conference held with representatives of this industry have failed to obtain quotation.

By wire. An offer of several thousand has been received and forwarded.

Sublime. IRMA has ordered for 4,000 tons for Europe, and the Italian Government has asked for 1,000 tons cologne in payment. As the supply of cologne cannot be a good to without allocation by the Oil-Binned Board, these orders are being made for the shipment to be shipped against a dollar credit which would be used to purchase cologne or other commodities when the allocation has been approved.

Cashmere	30 tons	delivered to U.S.A.
Cashmere	100 "	" "
Cashmere	42 "	" "
Drum squalls	500 "	" "
Sweet red onions	140 "	" "
Cashmere		
Mustard seed		

U.S.A. were advised that 300 tons could probably be obtained, but that the price had considerably increased. IRMA placed an order for 400 tons for Albania.

General. Agreement was obtained from the Italian Government on proposals received from London for further steps to be made towards the resumption of business trading with the U.K. and a scheme is being submitted accordingly by cable to the U.S.

2. Import Section

Phosphate rock. Program of requirements for the period 1 July 1945 to 30 June 1946 were submitted to Washington for allocation, the amount requested being 700,000 tons. A reply was received stating allocation of 500,000 tons and stating that a further 200,000 tons would be requested to make up to the required amount. The Italian and French were advised accordingly and at the present time are negotiating as to price and contract. Although no contract has yet been received, shipping has already been set up for August to the extent of 25,700 tons.

Import Licenses. New inquiries have been received from industries and merchants in the North Atlantic to import from foreign countries and these have been passed to the Italian Government for their necessary action with the exception of those relating to U.S. and U.S. which have been passed on to the respective Embassies.

Cotton. Requirements at present. In addition, we received regarding 2,470 bales of Argentine cotton, following to certain Italian textile firms which are being at Taranto where the bales stored at the beginning of hostilities in 1940. As the Italian Government is free to deal with Spain, full details were passed to the Ministry of Industry and Commerce for their necessary action towards Spain, this much-needed raw material

- 30 tons shipped to U.S.A.
- 100 " " " "
- 42 " " " "
- 500 " " " "
- 10 " " " "

U.K. were advised that 300 tons would probably be obtained, but that the price had considerably increased. U.K. placed an order for 100 tons for Albania.

General. Agreement was obtained from the Italian Government in proposals received from London for further steps to be made towards the resumption of private trading with the U.K. and a scheme is being submitted accordingly by cable to the U.K.

2. Import Section

Dyestuffs stock. Proposed requirements for the period 1 July 1945 to 30 June 1946 were submitted to Washington for allocation, the amount requested being 700,000 tons. A reply was received within allocation of 500,000 tons and stating that a further 200,000 tons would be requested to make up to the required amount. The Italians and French were advised accordingly and at the present time are negotiating as to price and counter exports. Although no contract has yet been signed, verbal confirmation has been received that an agreement has been reached. Shipping has already been set up for August to the extent of 27,700 tons.

Import Inquiries. Many inquiries have been received from industrial and mercantile in the North wishing to import raw steel from countries and these have been passed to the Italian Government for their necessary action, with the exception of those relating to U.K. and U.S. which have been passed on to the respective Embassies.

Cotton Warehouses at Genoa. Information was received regarding 2,470 bales of Argentine cotton, belonging to certain Italian textile firms which are lying at Genoa where they were stored at the beginning of hostilities in 1940. As the Italian Government is free to deal with Spain, full details were passed to the Ministry of Industry and Commerce for their necessary action toward bringing this much-needed raw material into the country.

Trade with Switzerland. The Economic Mission of Italians referred to in last month's report has now left for Switzerland where it will keep in close touch with U.K. and U.S. to obtain at Berne while it is negotiating with the Swiss authorities.

General. The main problem concerning the Italian Government in connection with its attempts to bring its movement of goods through normal commercial transactions with other countries, is that of transport. The matter has been taken up in the form of a questionnaire sent with the Ministry of War from Paris and are representing the United Maritime Authority in this area, and also with AFHQ C-5 who have offered to do everything they can toward getting a procedure for obtaining shipping clarified.

(3)

III. P.O.L. REVISION

1. Four new provisions of Toscana Region were handed over to Italian Government administration as of 19 June, as the Italian Government bulk allocation of POL was increased proportionately.
2. A request submitted by the Italian Government for a further increase in the June bulk allocation was examined but rejected on the grounds that the best possible use is still not being made of the present allocation. This is estimated to be more than sufficient to cover Category A needs.
3. Following conferences between representatives of the Italian Government, Transportation Subcommittee, Petroleum Section, Commerce Commission, IMAO, and COMSA, the Italian Government's attention has again been drawn to its failure to eliminate the wasteful use of POL by Italian civilians. A further appeal for energetic action was made and a detailed report requested on results of measures instituted.
4. The fuel requirements of additional trucks and schoolbuses to be handed over to the Italian Government between July and September have been examined, but the Italian Government has been informed that it must suppress certain abuses before it can expect an increase in allocation.
5. POL supplies in the North have begun being carried to the ports, Salloria, the opening of Venice as the partial control of beans as receiving ports. Allocations approximating normal are being made for July, and it is anticipated that internal transport arrangements now functioning will permit a lifting of total quantities allocated. Patrol for automotive use will be better replaced by locally-produced Metana Gas in Sicily, Venice and Emilia Romagna.
6. Action plans have been made to coordinate the POL control and nationally, some so far in operation in Northern Italy with that in use in the South, as the Italian Government agencies concerned with POL control are being activated to facilitate a quick hand-over to the Italian Government.

H. A. HUNT
Major
Director
Convoy Subcommittee

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3. Following conferences between representatives of the Italian Government, Transportation Subcommittee, Petroleum Section, Commerce Subcommittee, EIAO, and COMTRA, the Italian Government's attention has again been drawn to the failure to eliminate illicit abuse of POL by Italian civilians. A further appeal for energetic action was made and a detailed report requested on results of measures instituted.

4. The fuel requirements of additional trucks and schoolbuses to be handed over to the Italian Government between July and September have been examined, but the Italian Government has been informed that it must suppress existing abuses before it can expect an increase in allocations.

5. POL supplies in the North have been so meager during the month following the opening of Venice and the partial opening of Genoa to receiving ports. Allocations approaching normal have been made for July, and it is anticipated that internal transport arrangements now functioning will permit sufficient total quantities allocated. Petrol for automotive use will be largely replaced by locally-produced methane gas in Lombardy, Veneto and Emilia Romagna.

6. Arrangements have been made to coordinate the POL control and monitoring, some already in operation in Northern Italy with that in use in the South, and the Italian Government agencies concerned with POL control are being activated to facilitate a quick hand-over to the Italian Government.

H. A. GALT
Major
Director
Commerce Subcommittee

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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION

Ref. AC/5130/Commerce

14 June 1945

JUN 16 1945

MONTHLY REPORT, MAY 1945

MATERIALS DIVISION

1. The German collapse in Northern Italy at the end of April, and the consequent rapid liberation of this large industrial area, together with Partisan and other patriot activity to safeguard plant, machinery and stocks, resulted in an extensive industrial potential being left mainly intact. Subsequent investigations by AMG and other officers responsible for the unearthing of available local resources are resulting in the arrival at this HQ of reports of material availabilities of important proportions. The economic situation of Northern Italy indicates the possibility that rapid and important decisions may be anticipated to modify present directives relative to the control of local resources.

2. During the month under review all matters relating to the production and distribution of tobacco and matches have been transferred to Industry Subcommission, together with the relative personnel and files.

3. Agreement was reached with MICL for the taking over by them of the complete control of the distribution of tires and tubes in Italian Government territory. The necessary Ministerial directive has been drafted by the appropriate division of the Ministry and approved by this HQ.

4. Cement continued to present this Division with difficult problems. These mainly concerned the reconciliation of the amount released, based on the estimated production, with actual production, this latter being dependent upon the arrival at works of the necessary quantities of fuel and other raw materials. As no reserve stocks existed at the factories, deliveries had to be made ex factory from current productions. Bids for rail transport had to be so staggered as to ensure no accumulation of empty wagons waiting loading.

5. A meeting is now held once a month in this Division, attended by representatives of various Subcommissions interested in transport, in order to avoid uneconomic use of rail transport, such as cross traffic.

I. AVAILABILITY ENQUIRIES FOR MAY

a) AG. AMG. ENQUIRIES.

108	O.N.	355	Plaster 5 tons; Wooden Boards 5 cu.mtrs. (available)
109	C.M.	356	Hemp Card Steel Grepnel Wire (in hand)
100	O.N.	357	Materials for Straw Braids and Mats

the consequent rapid liberation of this large industrial area, together with Partisan and other patriot activity to safeguard plant, machinery and stocks, resulted in an extensive industrial potential being left mainly intact. Subsequent investigations by AMG and other officers responsible for the unearthing of available local resources are resulting in the arrival at this HQ of reports of material availabilities of important proportions. The economic situation of Northern Italy indicates the possibility that rapid and important decisions may be anticipated to modify present directives relative to the control of local resources.

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108	O.N.	355	Plaster 5 tons; Wooden Boards 5 cu.mtrs. (available)
109	O.N.	356	Hemp Card Steel Grapnel Wire (in hand)
100	O.H.	357	Materials for Straw braids and Mats Industry (in hand)
111	O.N.	358	Materials for Ceramic Industry (in hand)
112	O.N.	359	Buna Rubber (in hand)
113	O.N.	360	Materials for Artisan Industry (in hand)
114	O.N.	360	Pitch-Tar Carkum - White zinc for Seams (in hand)

b). FILES ENQUIRIES

108/232	eng.	362	not received
"	"	363	in hand
"	"	364	Sheet Rubber
"	"	365	Carbon block
"	"	366	Universal Miller
"	"	367	Soda Carbonate 1 Switzale
"	"	367	Dynamo Oil

Handwritten notes and signatures:
 PM
 117
 See M-62

LRB/232, enq.	388 dated	14 May 1945,	Paris White	available
" "	" "	" "	Feldspar, Silica	in hand
" "	" "	" "	Silica Col	" "
" "	" "	" "	White spirit or	" "
" "	" "	" "	Turpentine	" "
" "	" "	" "	Pit Sams	" "
" "	" "	" "		not received
" "	" "	" "	Turpentine Substitute	in hand
" "	" "	" "	Fullers Earth	" "
" "	" "	" "	Clay Pigeons	" "
" "	" "	" "	Barber Chairs	" "

II. AVAILABILITY SUBMITTED TO AFIPS

Copper scrap	11609	Kgs.
Red copper scrap	3824	"
Lead scrap	14577	"
Porcelain lamp sockets	2224	Nos
Wall switcher	1535	"
Various bells	307	"
Fuse boxes	4980	"
Porcelain cable clamp	227	"
Porcelain insulators	3400	"
Bergmann pipe	12000	Mtrs
Bell switch board	27	Nos
Telephone cable clamp	41	"
Transformers	5	"

A. SPECIAL MATERIALS SECTION

I. NEWSPRINT

1. During the month of May approximately 1,000 tons of newsprint arrived from America. However 600 tons were used for the repayment of a loan made by AFHQ Printing and Stationery Services Directorate from MIDEAST stocks.
2. The Italian Press Commission received its full quota of newsprint for the month and also had consigned to it its full June allotment.
3. With the opening of North Italy many problems regarding newsprint developed and in particular the necessity of finding stocks to cover Northern needs which are far greater in that area than in South Italy.
4. The following stocks of newsprint were located in Alta Italia, blocked, and put to use at once for printing newspapers in the Northern cities:

Milano 20.0 tons
Torino "

II. AVAILABILITY SUBMITTED TO AWLRS

Copper scrap	11609	Kgs.
Red copper scrap	3824	"
Lead scrap	14577	"
Porcelain lamp sockets	2224	Nos
Wall switcher	1535	"
Various bells	307	"
Fuse boxes	4980	"
Porcelain cable clamp	227	"
Porcelain insulators	3400	"
Bergmann pipe	12000	Mtrs
Bell switch board	27	Nos
Telephone cable clamp	41	"
Transformers	5	"

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4. The following stocks of newsprint were located in Alta Italia, blocked, and put to use at once for printing newspapers in the Northern cities:

Milano	20.0 tons
Torino	623.0 "
Genova	26.5 "
Bologna	235.0 "
Venezia	118.0 "
<hr/>	
Total	<u>1,022.5 tons</u>

5. For political reasons P.W.P. found that the original plan of holding authorizations of newspapers to a minimum had to be abandoned. By the 15th of May 38 tons of paper were being consumed per day in the 5 large Northern cities, and it was desired to increase circulations and number of authorizations immediately to the point where the consumption would be 73 tons per day of newsprint.
6. As such an enormous quantity of paper could not be supplied

from imported stocks it was necessary to approach the paper manufacturers in regard to the possibility of producing locally the required quantities. The paper manufacturers agreed to manufacture 60 tons per day of newsprint, the production to be divided among the mills as follows:

DONZELLI	170 qts/day
BURGO	260 " "
VITA MAIER	90 " "
ITALIANA	80 " "

Total	600 qts

7. The P.W.B. press Officers of the Northern cities were informed that the consumption of newsprint in their areas would have to be confined to the local production; no imported paper will be shipped north of the Pisa-Rimini Line.

8. The Fascist political price of newsprint was abolished and the new price - 42 lire per kilo or 420 dollars per ton - was based on cost of production. This new price, it is felt, will act as a stimulus to local production.

9. With the local production of newsprint proving much larger than expected, the requisitions for paper in America will be reduced considerably, and it is hoped that requisition for newsprint for the last 6 months of 1945 may be cancelled entirely.

II. CLOTHING, SHOES & TEXTILES

1. Clothing is still being reprocessed under the supervision of Comercio Division in Naples. However, I.C.E. has expressed its willingness to assure supervision of the repairing and dyeing and a plan of course of action to be followed has been requested from that organization.
2. The supervision of the repair of salvaged boots has been transferred from the Ufficio Provinciale of Naples to I.C.E. in that city. The quantity of shoes made available for allocation remains about the same.
3. This office allocated to each of the Regional Welfare Officers of Piemonte, Lombardia, Liguria, Emilia, Venezia, and Toscana Regions 15,000 blankets each for distribution to hospitals, war refugees, etc.
4. The following quantities of required clothing and shoes were allocated during the month:

Blouses	15,787
Trousers	25,250
Shirts	2,849
	191

7. The P.W.S. Press Officers of the Northern cities were informed that the consumption of newsprint in their areas would have to be confined to the local production; no imported paper will be shipped north of the Pisa-Rimini Line.

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4. The following quantities of repaired clothing and shoes were allocated during the month:

Blouses	15,787
Trousers	25,250
Shirts	2,849
Mackinaws	194
Overcoats	579
Overalls	12,065
Undershirts, wool	6,896
Undershirts, cotton	1,721
Drawers, wool	6,382
Drawers, cotton	1,173
Blankets	580
Gloves (prs.)	4,094
Socks (")	19,439
Caps	2,774
Raincoats	5,431
Towels	60
Short Trousers	1,367
Shoes (prs.)	18,920
Field Jackets	1,250
Scarves	40
	1521

FOREIGN TRADE DIVISION

1. Several important directives from Washington have been received during the month and have permitted considerable progress to be made on the lines of the policy of allowing more liberty of action to the Italian Government in its foreign trade negotiations. These directives concern both imports and exports, but the work of the Import Branch in particular during the month of May has been devoted largely to an attempt to clarify various problems such as trade between Italy and areas under British administration in the Mediterranean, trade between Italy and neutral countries. Further work undertaken has been clarification of the phosphate rock position between France and Italy.

2. Major Gent, Chief of the Division, returned from London after conferences with the War Office and the Ministry of Production, Ministry of Supply, Ministry of Food and Board of Trade. Two meetings with the Italian Government have since been held, in the first of which the questions of export trade general policy and Franco-Italian trade were clarified and, in the second, the problem of re-opening of controlled private trade was explored.

3. Import Branch

Phosphate Rock. At the beginning of the month the situation was that the French had stopped shipment of phosphate rock from North Africa to Italy because of a disagreement on the question of price for consignments shipped as from the 1st of January '45.

Although according to directives received from Washington it was in order for the French and Italians to negotiate between themselves in Rome, the French were unwilling to bypass HQ ALCOM because the Italians had not yet given their reply to Admiral Stone's letter which specified how Franco-Italian trade would be affected by the provisions of TM 456. For this reason HQ ALCOM were still involved in the negotiations. The conference was held at the Ministry of Industry, Commerce and Labor at which was present Mr. Delisle, representative of the phosphate interests in North Africa. The new prices fixed by the French Government were communicated to the Italians, and, after much discussion, a contract was drawn up and signed the following day at HQ ALCOM which covered, so far as price was concerned, all shipments made since the 1st of January 1945 and provided for shipment of a further 24,000 tons, being the unshipped balance of Washington's allocation of 100,000 tons for the year 1 July 1944 to 30 June 1945. The contract was signed by Mr. Gabrielle and Mr. Delisle for the French and by Sig. Bordari, under the stamp of I.C.E., for the Italians.

Trade between Italy and areas under British administration. TM 565 received by AFHQ and paraphrased to HQ ALCOM covers procedure on the above type of trade. As this airgram set forth only the main principles concerned, Foreign Trade Division's interpretation and proposed implementation was clarified to AFHQ and their approval requested. On receipt of this approval from AFHQ, the terms of implementation will be

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Trade between Italy and other countries. COM Airgram No. 27 was received toward the end of the month in reply to MCC Airgram No. 630. COM Airgram No. 27 authorized direct negotiation between the Italian Government and other countries, subject only to certain controls such as control of the use of dollar credits to buy third country currency and approval by Washington of any transactions in commodities listed by the Combined Boards. Contents of this Airgram were communicated to the Italian Government with such amplification as was necessary for correct interpretation.

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Trade between Italy and Switzerland. The question of trade for import into Italy, in which country supplies are available Italians. COM Airman No. 27, mentioned above, clarified the position. As a result, a request by the Ministry of Foreign Affairs to send an economic mission to Switzerland was approved by this HQ and the opportunity was taken to send to the Italian Government copies of a very extensive report prepared by Col. I. A. Jerry. This report included details which should prove of the greatest use to the Italian representatives, and the discussions which Col. Jerry had with the Swiss have already laid the groundwork for negotiations, which should lead to definite agreements being reached between the two countries.

4. Export Branch.

Shipments effected during the month of May were as follows:

		tons to U.S.A.
Balsam Oil	50	" "
Citron peel in brine	237	" "
Black Talc	24	" "
Jasmine Concrete	1	" U.K.
Corks	160,000	" Greece
"	160,000	" Yugoslavia
Vegetable Seeds	6-3/4	" "
"	2-3/4	" Albania
Dessert Olives	23	" Malta
Cotton Seed	18	" "
Wine	253	" "
Crayes	597	" "
Salphur	350	" "

Although the tonnage involved is comparatively small, the value is over 100 million lire.

General. A system has been inaugurated in U.S.A. for sending orders for Category E exports on printed "Purchase Order" forms, serially numbered, which indicate, where possible, the name and address of the importer in U.S.A. and the exporter in Italy. One copy marked "Supplier's Copy" is passed to us to I.C.E. This system is very satisfactory and in line with the aim of the Allied Nations to restore private trading, under license and with necessary financial safeguards, as soon as possible.

Orders were received during the month for the following commodities:

Orchid root	for U.S.A.
Flower seeds	" "
Salt	" Malta
Wine	" "
Vinegar	" "

details which should prove of the greatest use to the Italian representatives, and the discussions which Col. Jony had with the Swiss have already laid the groundwork for negotiations, which should lead to definite agreements being reached between the two countries.

4. Export Branch.

Shipments effected during the month of May were as follows:

		tons to U.S.A.
Bergamot Oil	50	" "
Citron peel in brine	237	" "
Black Talc	24	" "
Jasmine Concrete	1	U.K.
Corks	160,000	Greece
"	160,000	Jugoslavia
Vegetable Seeds	6-3/4	" "
"	2-3/4	Albania
Dessert Olives	23	Malta
Cotton Seed	18	" "
Wine	253	" "
Oranges	557	" "
Sulphur	350	" "

Although the tonnage involved is comparatively small, the value is over 400 million lire.

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Orders were received during the month for the following commodities:

	for U.S.A.
Orris root	" "
Flower seeds	" "
Salt	Malta
Wine	" "
Vinegar	" "
Oranges	" "
Lemons	" "
Cornish	" "
Citric acid	" "
Smell tobacco	U.S.A.
Zoological scientific specimens	" and U.K.

Peritos. The I.C.E. have been instructed to deliver 30,000 tons to France under Combined Boards allocation.

Salt. Enquiries for 20,000 tons of Raw Marine Salt and Refined Salt have been received from Norway. Belgium and Newfoundland have also shown interest in this commodity. If agreement on price can be obtained, it is hoped to re-commence export of salt, of which large quantities are

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stockpiled in Sardinia and Sicily.

Silk. a. **Northern Italy.** Approximately 1,500,000 k.s. of raw silk from 1944 crop have been successfully hidden from German requisitions. Requests for silk have been received from U.S. and Switzerland in addition to the demands from the Ministry of Supply, London. These could certainly be met out of the a/a quantities, but, since silk has been taken off the Controlled Materials list, the allocation and the fixing of its price has become a matter of competence of the Italian Government. No availability for export has yet been declared, and it is doubtful whether prices will be in line with world market quotations. In order to obtain quickly a clarification of the important question of export of silk, a meeting between representatives from Northern Italian organizations interested in silk production and competent offices of the Italian Government will take place in the very near future.

b. **Central Italy.** For the first time after German occupation 5 reeling mills in Ancona Province and 1 in Frosino Province have again taken up production of silk; the total output is destined for England.

c. **Southern Italy.** Five mills have entered contracts for reeling of imported cocoons and have commenced working.

Lemon Oil. Further quantities of lemon oil, 1944/45 production, have been secured, making the total 131,665 kilos, for which allocation is awaited from Washington, as well as for 23,702 kilos, 1943/44 production secured over and above the 500 quintals already allocated to U.S.A.

Perfumot Oil purchased was allocated by the Italian Government as follows: 100,000 lbs. to U.S.A., 30,000 lbs. to France and 115,487 lbs. to U.K.

Briarwood. U.S. and U.K. have agreed to prices quoted by Calabrian exporters, and contracts for important consignments are being placed.

Mercury. Interest has been shown by the U.S. for large quantity of Italian Mercury. Negotiations are under way.

Chestnut barks. Important enquiry received from Palestine for chestnut barks for tanning citrus cases.

Juniper berries. One hundred tons of juniper berries are ready for shipment to U.S. This is the first war consignment of this commodity. New offers have been submitted to U.K.

Stamps. Detailed offer of Italian stamps for collection has been submitted to U.S.

Snuff tobacco. The order of 36 tons mentioned in our Monthly Report for March has been increased to 40 tons.

Landing Concrete. The Government allocated the quantity purchased (150

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b. Central Italy. For the first time after German occupation 5 reeling mills in Ancona Province and 1 in Arezzo Province have again taken up production of silk; the total output is destined for England. Government will take place in the very near future.

c. Southern Italy. Five mills have entered contracts for reeling of imported cocoons and have commenced work.

Lemon Oil. Further quantities of lemon oil, 1944/45 production, have been secured, making the total 151,665 kilos, for which allocation is awaited from Washington, as well as for 25,702 kilos, 1943/44 production secured over and above the 500 quintals already allocated to U.S.

Bertram Oil purchased was allocated by the Italian Government as follows: 400,000 lbs. to U.S., 30,000 lbs. to France and 145,487 lbs. to U.K.

Briarwood. U.S. and U.K. have agreed to prices quoted by Calabrian exporters, and contracts for important consignments are being placed.

Mercury. Interest has been shown by the U.S. for large quantity of Italian Mercury. Negotiations are under way.

Chestnut bunnings. Important enquiry received from Palestine for chestnut hoops for binding citrus cases.

Juniper Berries. One hundred tons of juniper berries are ready for shipment to U.S. This is the first war consignment of this commodity. New offers have been submitted to U.K.

Stamps. Detailed offer of Italian stamps for collection has been submitted to U.S.

Snuff tobacco. The order of 36 tons mentioned in our Monthly Report for March has been increased to 40 tons.

Jasmine Concrete. The Government allocated the quantity purchased (150 kilos) in the proportion of one-third to U.K. and two-thirds to U.S., in spite of U.K. offering a higher price.

Miscellaneous. Negotiations are also in progress concerning enquiries for almonds, Corina wine, dessert olive, methylated spirits, apricot pulp, wine and various agricultural products and seeds. Florence, Perugia and Venice were visited during the month to ascertain the state of the artisan industries for export possibilities. Progress is being made but prices are still too high.

Trade with Malta. Program of requirements for July-December has been received and these are being examined.

Trade with Switzerland. A list of Switzerland's requirements in Category A exports has been received and is being examined.

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F.O.L. DIVISION

1. With the expansion of COGEMA (Shipping) activities and the relaxation of control by the Allies it became necessary to hand over to the Italian Government complete control of supplies of POL for COGEMA.
2. The Italian Government will make monthly allocations to COGEMA who will say at what point supplies are to be made available for issue to individual ships through the Port Authorities.
3. A new issue of Motor Vehicle Circulation Permits and Petrol Coupons is about to be made which will become effective throughout the whole of Italy, including the Northern Provinces, on or about 1 July '45, and remain in force until 31 December '45.
4. POL supplies, which were very short in North Italy in the early stages owing principally to transportation difficulties, are now easing and should become normal as soon as Genoa and Trieste oil ports are in full use.
5. Allocations for the North are being made from an advance office opened by Pet. Sec. in Genoa and Regions are making bids directly on that office, who are aware of the latest supply position.
6. Allocations for Southern Italy, including all territory hitherto handed over to or to be taken over by the Italian Government, are made by them from bulk supplies made available by Pet. Sec. through AC.

W. P. EVANS
 Colonel
 Director
 Commerce Sub-Commission

Ex. C. DIST
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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUB-COMMISSION

JO/RLA

Ref. AC/5150/Commerce

18 May 1945

MONTHLY REPORT, APRIL 1945

MAY 23 1945

INTRODUCTION

During April, a re-organisation of the Subcommission took place. This was necessitated by the introduction of two new departments, viz. Coal Division, which was transferred from Industry Sub-Commission, and Imports, which was transferred from Supply and Resources Division of Economic Section. The Sub-Commission was therefore organised in four divisions, as follows:-

- (1) Materials Division, with Sub-Divisions for Availabilities, Releases, Clothing and Paper and Tyres.
- (2) Foreign Trade Division, with Sub-Divisions for Imports and Exports.
- (3) F.O.L. Division.
- (4) Coal Division.

MATERIALS DIVISION

- 1. The period under review has consisted largely of routine work and has seen the first results of the new procedure in the channelling of demands etc., following the issue of various directives and the publication of the AC Manual on Materials, which was distributed to the Sub-Commissions of this HQ and all Regions.
- 2. Releases from AFIP(I)B Committees to AC continue to be satisfactory. Principal releases included 3,700 tons of cement for April and 11,200 tons for May, 82.5 tons of ammonia gas, and 35 tons of paint which latter represented the total local availability. Efforts were made to secure special consignments of cement and glass to cover the immediate needs of Bari following the disastrous explosion.

I. AVAILABILITY ENQUIRIES FOR APRIL:

a). AC. AND. ENQUIRIES.

104	O.N.	351	Ware House	In hand
105	O.N.	352	Tins	" "
106	O.N.	353	Boilers	" "
107	O.N.	354	Spent line	Available

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I. AVAILABILITY INQUIRIES FOR APRIL:

a). AC. AMQ. INQUIRIES.

104	O.N. 351	Wire Gauge	In hand
105	O.N. 352	Tires	" "
106	O.N. 353	Boilers	" "
107	O.N. 354	Sewer line	Available

b). INQUIRIES FROM A.F.L.R.S.

354	Gun Lac (Lacquer)	In hand
361	Vanadium Pentoxide Catalyst	" "
362	Electric Calculating Machine	" "
363	Bicycles	" "
364	Cardboard Tubes for Plugs	Available
365	Boiler Tubes	In hand
366	Electro-plating Generator	" "
367	Materials for Manufacture of Rubber	" "
368	Lighting Metal	" "
369	Dry Ice	" "
370	Zinc Chloride	" "
371	Wooden Kegs	Available
372	Linen, Towels, Wheels	In hand

PVK
1518/A/6

373	Loud Speakers	In hand
374	Material for Diving Dresses	" "
375	Tables and Chairs	" "
376	Brooms and Brushes	" "
377	Size handles	" "
378	Buckets and Cars	" "
379	Paper Bags	" "
380	Benca Vises	" "
381	Trichloroethylene	" "

II. AVAILABILITIES SUPPLIED TO A.F.L.R.S.

Foundry pig	15	Tons.
Copper scrap	3096 1/2	Kgs.
Lead scrap	125	"
Plywood	19,080	sq. mtrs.
Plywood	20	sq. mtrs.
Copper cable (electrolytic)	85	Kgs.
Electrodes-graphite	100	plugs
Nails (carpentry)	15	Tons.
Bolts (for construction work)	5	"
Caustic soda	21	Qls.
Caustic soda (liquid 30%)	20	Tons.
Anhydrous ammonia	130	"
Calcium Carbide	660	"

III. TOBACCO.

The situation regarding the manufacture of cigarette continues to be very precarious due to the short supply of cigarette paper. In fact the existing stocks, together with the 7 tons of cigarette paper requisitioned from U.S. and due to arrive within May, will hardly be sufficient to cover the needs of the factories located below the control line during the month of May.

No further requisitioned cigarette paper is expected to arrive during the next two months.

The firm Cartiere Meridionali at Isola del Liri, which has been supplied with materials for the manufacture of a restricted quantity of cigarette paper, is expected to start production by the end of May.

In the newly liberated territory there are cigarette paper mills at Bologna, Torino and Ornet. Information has been received from A.M.G. 5th Army that the paper-mill at Bologna is intact, but the stock position so far is unknown. There is, at present, no information as to the condition of the other two paper mills. The blocking of all stocks has been requested.

The weekly ration of 30 cigarettes distributed until now to civilians in Rome has been reduced to 20 due to the cigarette paper situation. Effective 1st May 1945 prices of all finished tobacco products, doubled in December 1944, have been increased again by about 70 percent.

The Monopoly is arranging to move large quantities of raw tobacco to the North for the supply of the factories located at Bologna and Modena. According to information received the Bologna factory is short of raw

Foundry pig	15	Tons.
Copper scrap	3096 1/2	Kgs.
Lead scrap	126	"
Plywood	19,080	cu. mtrs.
Plywood	20	sq. mtrs.
Copper cable (electrolytic)	85	Kgs.
Electrodes-graphite	100	pieces
Nails (carpentry)	15	Tons.
Bolts (for construction work)	5	"
Caustic soda	21	Qls.
Caustic soda (liquid 50%)	20	Tons.
Anhydrous Ammonia	150	"
Calcium Carbide	660	"

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IV. MATCHES.

S. & T. ARSO requested that 1 1/2 million boxes of safety matches (50 matches each) be supplied monthly for three months by the Match Monopoly to the Allied Forces, in order to tide over a period of stringency.

Although matches are a restricted material, the Monopoly, in agreement with the Match Consortium, is prepared to supply the above quantity, which represents a surplus over civilian requirements calculated on the present ration of 50 matches.

The delivery will take place at Napoli at the present price established by the Ministerial Price Commission, less taxes. A replacement of the matches with imported matches as suggested by ARSO has not been accepted by the Monopoly as it is not considered workable on account of the many difficulties involved.

Information has been requested as to the operating condition of the following match factories located in North Italy:-

MAGENTA, TROPARELLO, MONCALIERI, ASAI, CASALE MONFERRATO, ESTER
and UDINE,

as well as of stocks of matches and manufacturing materials.
Industry Sub-Commission will make representations at the next
meeting of the Electric Power Committee with a view to obtaining an
allocation of power to the hatch plant at Puceocchio. This factory is not
yet in operation although, apart from lack of electric power, it has been
in a condition to do so for some considerable time and has also the neces-
sary raw materials.

V. LEATHER.

A slight improvement is reported for the month of April inasmuch
as the availability of upper leather is 30,541.5 sq. ft. against only
8,643 sq. ft. declared during the previous month. The available quantity
of sole leather (45,652 kg) is practically the same as that declared for
March. Due to the very small availability of leather suitable for leather
belting the supply of this item shows no improvement. However, the situ-
ation is considerably eased by the recently reported production at Ravenna
of a substitute in the form of a rubber impregnated canvas five-ply belt-
ing. The present availability of this product is 300 metres of light
of 64 cm. and it is estimated that a supply of 25,000 metres of light
canvas, width 80 cms. each month will result in a monthly production of
3,000 metres of belting with a width of 64 cm. It is understood that scrap
rubber from inner tubes is the only type of scrap rubber suitable for use
in the impregnating process.

NEWSPRINT

1. During the first ten (10) days of April 1,612 tons of newsprint
arrived from America and slightly less than 600 tons from the Mid-East.
This total of approximately 2,200 tons did much to relieve the critical
situation in regards the supply of this item which existed in February and
March.
2. However, large loans had to be repaid and the stocks were reduced
considerably; 300 tons were returned to Algiers, 100 tons to the Balkans,
100 tons to F.W.E. and 400 tons in minor loans.
3. This Sub-Commission assigned to the Italian Press Commission
350 tons of Newsprint which was the allocation for this agency until the
15th of May based on a 300 ton per month allotment.
4. 250 tons of paper were mailed to Florence where the situation
had been serious for some time and the newspapers had cut circulation and
size of the papers drastically.
5. Finally approximately 1,050 tons of newsprint were shipped to
Lombardy and stored as a reserve for future Northern operations.
6. An agreement was reached with I.C.E. and the Banca Nazionale del
Lombardy.

A slight improvement is reported for the month of April inasmuch as the availability of upper leather is 30,544.5 sq. ft. against only 8,043 sq. ft. (October) during the previous month. The available quantity of sole leather (45,452 kg) is practically the same as that declared for March. Due to the very small availability of leather suitable for leather belting the supply of this item shows no improvement. However, the situation is considerably eased by the recently reported production at Ravenna of a substitute in the form of a rubber impregnated canvas five-ply belting. The present availability of this product is 300 metres with a width of 64 cm. and it is estimated that a supply of 25,000 metres of light canvas, width 80 cms. each month will result in a monthly production of 3,000 metres of belting with a width of 64 cm. It is understood that scrap rubber from inner tubes is the only type of scrap rubber suitable for use in the impregnating process.

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4. 250 tons of paper were rolled to Florence where the situation had been serious for some time and the newspapers had cut circulation and size of the papers drastically.
5. Finally approximately 1,050 tons of newsprint were shipped to Leghorn and stored as a reserve for future Northern operations.
6. An agreement was reached with I.C.E. and the Banca Nazionale del Lavoro in Florence by which the latter undertook the distribution of paper for this office. The bank assumed the entire responsibility for warehousing, distributing, transporting and collecting funds resulting from sales of newsprint. This office supplies the bank with a list of newspapers and periodicals which are authorized by A.P.E. and the amounts of paper which they are entitled to as a monthly allocation. A stock of paper is placed in the hands of the bank and distribution is carried on by the bank for all of Toscana Region and such cities of the Marche as Ancona, Macerata, etc. It is hoped that if this system proves successful it will be used in the Northern cities as well thus removing responsibility of newsprint distribution from the office.
7. This office also reached an agreement with the P.W.D. press officers for use of newsprint in the Northern cities. It was felt advisable to limit circulation of papers in the cities and not allow a whole-sale authorization

of many journals. This was done by limiting the amount of newsprint which could be used in the first month of operations, despite the stocks which might be found, to the following:

Bologna	100	tons
Milano	225	"
Genova	100	"
Torino	150	"
Venice	75	"

3. If transport difficulties proved serious, then this limitation would last for two or three months. When all stocks of paper have been collected in the North and industrial capacity known, then Commerce Sub-Commission in conjunction with the press officers of the different cities in conference will determine how these figures should be re-adjusted.

CLOTHING, SHOES AND UNIFORMS.

1. Salvaged army clothing continues to be reprocessed in Naples under the supervision of the Commerce Division. There has been no revision in the distribution schedule as laid down by the AC Priorities Board.

2. The quantity of army shoes which have been repaired has considerably increased due primarily to the fact that a larger quantity of shoes fit for repair have been consigned by M.M.I.A. to A.C.

3. A.F.H.Q. has proposed that the 60% of repaired clothing and shoes earmarked by AC for civilian employees of the armed forces be declared to A.F.H.Q., Directorate of Labour (B) and G-4 American, and further allocation among the different Allied agencies will be made by mutual agreement between those two offices. This office and the Economic Section have agreed to this proposal but as yet A.F.H.Q. has not placed it in effect.

4. Cucirini Cantoni Coats Co. of Lucca has commenced the production of thread and A.M.C. 5th Army has declared a certain part of the output surplus to army needs and placed it at the disposal of this Sub-Commission. This office feels that supervision of the distribution of the same should be a responsibility of the Ministry of Industry, Commerce and Labour and actual sales should be made by Cucirini Cantoni Coats agents throughout Government-controlled Italy. It has recommended this course of action to the Ministry.

5. The following quantities of clothing and shoes were allocated during the month:

B.D. Blouses	8,924
B.D. Trousers	8,147
Shirts	2,064
Overcoats	4,136
Overalls	501
Drawers (w)	6,846
Trousers (c)	716

would last for two or three months. When all stocks of paper have been collected in the North and industrial capacity known, then Commerce Sub-Commission in conjunction with the press officers of the different cities in conference will determine how these figures should be re-adjusted.

CLOTHING, SHOES AND TEXTILES.

1. Salvaged army clothing continues to be reprocessed in Naples under the supervision of the Commerce Division. There has been no revision in the distribution schedule as laid down by the AC Priorities Board.
2. The quantity of army shoes which have been repaired has considerably increased due primarily to the fact that a larger quantity of shoes fit for repair have been consigned by M.M.I.A. to A.C.
3. A.F.H.Q. has proposed that the 60% of repaired clothing and shoes earmarked by AC for civilian employees of the armed forces be declared to A.F.H.Q., Directorate of Labour (B) and G-4 American, and further allocation among the different Allied agencies will be made by mutual agreement between those two offices. This office and the Economic Section have agreed to this proposal but as yet A.F.H.Q. has not placed it in effect.
4. Cucirini Cantoni Coats Co. of Lucca has commenced the production of thread and A.M.G. 5th Army has declared a certain part of the output surplus to army needs and placed it at the disposal of this Sub-Commission. This office feels that supervision of the distribution of the same should be a responsibility of the Ministry of Industry, Commerce and Labour and actual sales should be made by Cucirini Cantoni Coats agents throughout Government-controlled Italy. It has recommended this course of action to the Ministry.

5. The following quantities of clothing and shoes were allocated during the month:

B.D. Blouses	8,924
B.D. Trousers	8,147
Shirts	2,064
Overcoats	4,136
Overalls	561
Drawers (w)	6,846
Drawers (c)	716
Socks	14,645
Raincoats	1,150
Caps	2,046
Gloves	71
Blankets	16
Undershirts (w)	8,635
Undershirts (c)	152
Wackinaws	62
Field Jackets	2,325
Soarfs	388
Shoes	19,260

6.1.4.1

FOREIGN TRADE DIVISION.

1. Major H. A. Gent, Chief of the Foreign Trade Division, left for consultation with the various Ministries in London on 24 April in order to clear up a number of matters connected with export policy.

The Italian Government was informed of the new Export Policy laid down by COS in Washington, and given a list of these commodities which are in world short supply or required for the war effort (Category A) and which are treated on a different basis from all other commodities (Category B). Allied Embassies in Rome were also notified. The Italian Government was invited to discuss with A.C. any problems arising out of this new policy.

2. Export Shipments.

Shipments during the month of April were as follows:

- Oranges	466 1/2	tons	to Malta
- Wine	220	"	" "
- Salt	95	"	" "
- Industrial Salt	1,000	"	" U.S.A.
- Argols	90	"	" "
- Citron Peel in Brine	125	"	" "
- Briarwood	4	"	" "
- Sulphur	1,000	"	" Jugoslavia

The estimated value of the above is in the neighbourhood of 28 million lire.

3. Commodities.

Sulphur. Owing to decreased production very little Sulphur was exported during the month, in spite of heavy Mediterranean Demands.

Essential Oils. Efforts have been made to secure maximum quantity of Lemon (Category A) and Bergamot (Category B) oils, but high prices and low production have greatly hindered negotiations.

Lemon Juice. Efforts to cover U.K. requirements have only secured about 420 tons so far.

Briarwood. Malta reduced its order to 500 bales but England placed contract for 240 bales of first quality Briar and France was offered 4,000 bales of inferior quality Briarwood.

Pumice. France and England have shown interest in this material.

Stamps. U.S.A. dealers expressed interest for Italian stamps issued after 1955. Offers are being obtained.

Pistachio Nuts. U.S. requested this production; offers have

Government was invited to discuss with A.C. any problems arising out of this new policy.

2. Export Shipments.

Shipments during the month of April were as follows:

- Crayons	466 1/2	tons	to Malta
- Wine	220	"	"
- Salt	95	"	"
- Industrial Salt	1,500	"	" U.S.A.
- Argols	90	"	"
- Citron Peel in Brine	135	"	"
- Eriarwood	4	"	"
- Sulphur	1,000	"	" Yugoslavia

The estimated value of the above is in the neighbourhood of 28 million lire.

3. Commodities.

Sulphur. Owing to decreased production very little Sulphur was exported during the month, in spite of heavy Mediterranean Demands.

Essential Oils. Efforts have been made to secure maximum quantity of Lemon (Category A) and Bergamot (Category B) oils, but high prices and low production have greatly hindered negotiations.

Lemon Juice. Efforts to cover U.K. requirements have only secured about 120 tons so far.

Eriarwood. Malta reduced its order to 500 bales but England placed contract for 240 bales of first quality Eriar and France was offered 4,000 bales of inferior quality Eriarwood.

Furios. France and England have shown interest in this material.

Stears. U.S.A. dealers expressed interest for Italian stears issued after 1959. Offers are being obtained.

Pistachio Nuts. U.S. requested this production; offers have been obtained and have been transmitted.

Eau de Cologne. An offer of 50 hectoliters of 90% grade Eau de Cologne was submitted by cable to U.S.A. and reported to U.K.

Rare Essences. An offer of fifteen types of rare essences including bergamot deterpenated and super-deterpenated was transmitted to U.S.A. and reported to U.K.

Jasmin Concrete. Allocation by the Italian Government of 150 kilos purchased is awaited.

Accorcion Beads. An offer of accorcion beads was submitted to U.S.A. and a reply is awaited.

1518

Straw Goods. The offer made by this industry some months ago is under consideration by O.P.A. and a decision is awaited. Meanwhile, efforts are being made to persuade the manufacturers to extend the period for which their offer was to hold good.

Fur Lambs and Fur Skins. A request was received from U.S.A. for these products and inquiries are now being made as to their availability.

Broom Corn. Samples of Broom Corn were sent to London. Price and transportation costs were communicated by cable and a reply is awaited.

Offers have been made abroad of Eyrates, Rawite, Gypsum, Zinc Blende.

Packing Materials. Shipment advised of 40 tons Template for Essential Oil containers.

P.O.L. DIVISION.

1. The Decree legalising the responsibilities and scope of CIP and the covering letter from the Prime Minister to the Chief Commissioner, agreeing to consult with the Commission before exercising certain powers conferred on the Italian Government by the Decree, have been received and are considered satisfactory by Petroleum Section A3HQ.

2. The Italian Government's attention has been drawn to the misuse of POL, particularly in Rome and the larger cities in territory administered by the Italian Government. Whilst a reply has been received and instructions issued by the Italian Government to the Police Authorities, the latter appear to have made little, if any, effort to suppress even the most flagrant abuses. Alternative methods of enforcing some action by the Italian Government are therefore under consideration.

W. P. EVANS
Colonel
Director
Comroe Sub-Commission

W. P. Evans
16/11/45

REC'D - 23 MAY 1945

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Offers have been made abroad of Pyrites, Hemite, Gypsum, Zinc

Packing Materials. Shipment advised of 40 tons Timpate for
Essential Oil containers.

P.O.L. DIVISION.

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W. P. EVANS
Colonel
Director
Commerce Sub-Commission

*W. P. Evans for Evans
2 May 1945*

E.C. DIST - 23 MAY 45

EX CORR
3 P.R.S.

4403
HEADQUARTERS ALLIED COMMISSION
COMMERCE SUBCOMMISSION
APO 394

/aie

11 April 1945

APR 14 1945

Ref. AC/5130/Commerce

MONTHLY REPORT, MARCH 1945

MATERIALS DIVISION:

1. In view of the extension of territory coming under Italian Government authority as on the 1st of April, a certain amount of preparatory work upon directives to Regions, Sub-Commissions and other interested organizations, as well as memoranda to the Ministry of Industry, Commerce and Labor on the rather delicate and intricate subject of control of non-subsistence materials, -- the freezing, declaration of availability and releases thereof, -- was carried out.

2. A number of calls by Regional and Provincial Commerce and Supply officers at this HQ were made regarding this new aspect of affairs. Work upon the "Manual on Materials (controlled non-subsistence)" was finished and was passed to the printing officer for binding.

3. Releases of controlled, non-subsistence materials to AC at the March meetings of the allocating committees were on a fairly satisfactory scale. A situation arose during the month, however, regarding cement--due to causes of a force-majeure nature, such as a coal strike in Sardinia and the non-arrival to schedule at the works of other raw materials,--which has led to this material being transferred from the list of restricted materials to that of materials controlled by ARL(I)B, again. Nevertheless, steps since taken promise to ameliorate the situation, but the position is not now so easy as was reflected in last month's report by this Division.

I. AVAILABILITY ENQUIRIES FOR MARCH

a. AC. AMG. enquiries.

- 100 Sheet zinc gauge non available
- 101 Ascorbic acid Calcium Carburate in hand
- 102 Roofing tiles available
- 103 Aluminium Sulphate and Chlorine in hand

b. Enquiries from AIRS

- 339 Petrol engine in hand
- 341 Ball bearing - Single thrust in hand
- 342 Italian X-Ray Tube non available
- 343 Paris Green (Copper arsenite) in hand
- 344 Bronze scrap available
- 345 Beer Dispensing Equipment available
- 346 Tire Blasting fuse in hand

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b. Enquiries from AFIRS

339	Petrol engine	in hand
341	Ball bearing - Single thrust	in hand
342	Italian X-Ray Tube	non available
343	Paris Green (Copper arsenite)	in hand
344	Bronze scrap	available
345	Beer Dispensing Equipment	available
346	Tire Blasting fuse	in hand
347	Plastic Watch crystals	non available
348	Melasses	"
349	Electric motors	"
3	Pure zinc wire	"
350	Sal. Manganese	in hand
	Sal. Silicate	non available
351	Sod. Bichromate	in hand
352	Photogr. equipment	non available
353	Whale oil for heat treatment of steel	in hand
355	Water paint materials	in hand
358	Industrial machinery	available
359	Xylol	in hand
360	Needles, harness	available
		in hand

II. MATCHES.

Prices of matches have been doubled by a decree of the Ministry of Finance, effective as from 15 March 1945, owing to the augmented cost of manufacture.

The reconstruction of the factories at Fucecchio and Putignano Pisano has been somewhat delayed through lack of building materials and slow transportation. It is anticipated that these factories will be able to start production during May next, which will render possible a considerable increase of the present low ration of 50 matches per month.

III. TOBACCO.

It is estimated that the production of raw tobacco in the whole of Italy during 1945 will be 300,000 quintals against 448,000 quintals grown in 1944. This is due to the fact that the war has prevented the cultivation of many plantations. Tobacco growers, who by law are bound to deliver their tobacco to the State Monopoly, show a tendency to abandon tobacco production in favour of more remunerative crops.

The 300,000 quintals of raw tobacco are sufficient to meet the present requirements based, however, upon a very low ration. In order to improve revenue it is very desirable that the tobacco ration be augmented, and with this object in view the State Monopoly is making efforts to ensure a larger production both of raw and finished tobacco.

Improved production figures of cut tobacco rendered possible an increase of this item to 50 grams per week. The Monopoly seek to induce smokers to purchase cut tobacco in place of ready-made cigarettes, the sale of which is hampered by the shortage of cigarette paper. Stocks on hand of the latter item will be exhausted by the end of April. As the next arrival of U.S. requisitioned cigarette paper cannot be expected before May/June, the State Monopoly is searching to make available a not perfect but still usable locally made cigarette paper to be manufactured by the Carriere Meridionali at the Isola del Liri paper mills.

IV. LEATHER.

The leather situation shows a slight improvement, inasmuch as for March 1945 a moderate quantity of sole and upper leather has been declared for the first time by some tanners located in Toscana Region. This has been made possible by the joint efforts of the Ministry of Industry, Commerce and Labour and the Consorzio of tanners of Central Italy as well as by the fact that it has been possible to supply these tanners with tanning materials produced at Bagni di Lucca.

The tanning extract plant at Bagni di Lucca went into production on 1st of March and the two other plants at Castel Piano and Porretta Terme are likely to be reactivated during April.

TIRE SECTION

issued with instructions to all concerned regarding

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TIRE SECTION

1. A directive was issued with instructions to all concerned regarding the procedure to be followed in order to obtain tires and tubes required for civilian needs.

2. As a result of representations made to AFHQ, the following tires and tubes have been made available to Commerce Submission for distribution, and the necessary space and personnel have been acquired to deal with them.

Size	Quantity	
	Tires	Tubes
750 x 20	1471	1581
30 x 5	136	
34 x 7	2350	2519
1050 x 20	18	18
325 x 19	48	48

NEWSPRINT

1. The critical newsprint shortage of February was finally overcome during March with the arrival during the first week of 300 tons from Algiers and 100 tons from the Balkans. Both of these quantities were loans arranged by AFHQ and must be repaid before 30 April.

2. This Sub-Commission was also notified that in the first week of April 1612 tons of newsprint were due to arrive at Naples. Even after the loans of 400 tons were repaid 1,200 tons would be available which would considerably aid the situation and particularly would permit the creation of a small stockpile in Livorno for Northern operations.

3. During the month, A.P.B. decided that in the future the Italian Press Commission should receive 30% of all imported newsprint supplies up to a maximum of 300 tons per month. Thus instead of promising a monthly allocation of a fixed quantity which at times would be very difficult to meet, the Press Commission would with the Allied Commission share in the effects of lack of shipping facilities and vagaries in the amounts of paper arriving in Italy.

4. Of the 400 tons of newsprint which arrived during the month the Italian Press Commission received 200 tons on 9 March in order that their critical situation might be met. However, it seemed unable to make decisions in regards distribution of these stocks which were consigned to it in Naples and as a result when instructions were finally given to I.C.B. late in the month rail bids could only be obtained for the paper destined for Sicily for the first week in April. As a result the Sicilian papers were forced to suspend publication. It is hoped that after this experience, the Press Commission will show greater foresight in the future and arrange well in advance for shipments in order to meet its commitments.

5. It was reported to this office by the Minister of Industry, Commerce and Labor and the Director of the Ente Nazionale per la Cellulosa e per la Carta that there were available in Basle, Switzerland, 5,600 tons of newsprint which was the property of the Italian Government. The paper has been in Switzerland since the Italian Armistice and the Swiss Government has recognized it as the property of the Benoni Government. The latter has offered it to the Allies for use in Northern operations and this office has received approval of the Economic Section to proceed with negotiations for obtaining the full quantity when the Italo-Swiss border is opened.

The main difficulty lies in the fact that a debt of 800,000 Swiss francs rests on the paper as charges for transport, warehousing, etc. Financial Sub-Commission is now working on the possibility of payment in order that the entire stock of paper will be available for movement when the opportunity presents itself.

6. The consultative committee of the Ente Nazionale Cellulosa e Carta consisting of representatives of all organizations interested in paper production and distribution met for the first time. It was agreed that the preliminary steps to be taken were: firstly, a complete survey of the paper industrial facilities of Liberated Italy should be undertaken immediately.

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5. It was reported to this office by the Minister of Industry, Commerce and Labor and the Director of the Ente Nazionale per la Cellulosa e per la Carta that there were available in Basle, Switzerland, 3,600 tons of newsprint which was the property of the Italian Government. The paper has been in Switzerland since the Italian Armistice and the Swiss Government has recognized it as the property of the Bonomi Government. The latter has offered it to the Allies for use in Northern operations and this office has received approval of the Economic Section to proceed with negotiations for obtaining the full quantity when the Italo-Swiss border is opened.

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CLOTHING, SHOES AND TEXTILES.

1. The reprocessing of salvaged army clothing continued in Naples under the supervision of the Commerce Sub-Division of Southern Region. Further, the work will continue for some time to come under Commerce auspices despite the withdrawal of Allied Officers from the South.

2. M.M.I.A. is continuing to consign large quantities of garments to

1513

AC but the condition of the same is not the best. As a result the production figures have fallen off because a longer length of time is necessary for the process. This is particularly due to the fact that the majority of all garments must be laundered and disinfested.

3. Repaired shoe production continues to be very small in comparison with what was produced six months ago. The reason for this lies in the fact that the salvaged shoes turned over by MILA are almost completely useless and beyond repair. This is particularly true of 30,000 pairs of ITALIAN ARMY which have been consigned to AC in the past month.

4. At the meeting of the AC Priorities Board on 19 March the allocation schedule for repaired clothing and shoes was revised to the following:

a. 60% to 8 Allied units employing civilian labor remained unchanged.

b. 15% will be consigned to Displaced Persons Sub-Commission and Patriots Branch.

c. 25% will be consigned to the Ministry of Industry, Commerce and Labor for further distribution to dock, warehouse, communications, and public utility workers, agricultural laborers, miners, etc.

5. The Priorities Board also approved the following distribution of 520,000 imported blankets:

Public Health Sub-Commission	182,717
Displaced Persons Sub-Commission	91,359
Public Safety Sub-Commission	42,044
Repayment of loans made by various British units to Devastated Areas Branch	
Total	<u>3,880</u>
	<u>320,000</u>

6. The following quantities of clothing and shoes were allocated during the month of March:

Blouses	2,872
Trousers	11,300
Shirts	4,500
Overcoats	1,115
Field Jackets	4,175
Coveralls	2,063
Undershirts, cotton	1,432
Undershirts, wool	4,715
Drawers, cotton	2,017
Drawers, wool	6,107
Blankets	3,398
Socks	120

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5. The Priorities Board also approved the following distribution of 320,000 imported blankets:

Public Health Sub-Commission	182,717
Displaced Persons Sub-Commission	91,359
Public Safety Sub-Commission	42,044
Repayment of loans made by various British units to Devastated Areas Branch	<u>3,880</u>
Total	<u>320,000</u>

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Drewers, cotton	2,017
Drewers, wool	6,107
Blankets	5,328
Mackinaws	120
Pajamas	20
Raincoats	2,990
Caps	750
Socks	10,848
Total Garments	<u>58,422</u>
Shoes	13,833 prs.

FOREIGN TRADE DIVISION

1. The previous monthly record of 160 million lire attained in January was easily surpassed during the month of March when the approximate value of the month's exports exceeded 280 million Lire. These exports consisted of the following (weights given are gross) :-

		<u>Approximate value</u>	
		to U.S.A.	Lire
Black Talo	3,200 Kilos		1,736,000
Citron Peel in brine	92,000 "		
Salt	600,000 "		
Salt	152,625 "		
Wine	548,448 "		
Oranges	264,689 "		
Grape fruit	4,117 "	to Malta	20,579,744
Black Olives	20,205 "		
Gypsum	15,680 "		
Lemons	5,462,920 "		
Hemp	80,000 "	to U.K.	122,596,438
Silk & strusa	8,500 "		
Tartaric Acid	87,660 "		
Citric Acid	658,302 "	to Middle East	15,621,027
"	184,387 "	to France	112,675,000
Mercury	180,000 "	to Greece	5,629,250
Bergamot Oil	4,000 "	(estimated)	
Sulphur	1,265,000 "	to Yugoslavia	2,100,000
Vegetable Seeds	6,750 "	to Libya	1,200
Tobacco Seeds	8 "		
			<u>Lire 280,938,659</u>

The total tonnage shipped was 9,636 metric tons. This is the first month in which shipments to Metropolitan France have figured.

2. COMMODITIES
Vegetable Seeds.

Stockpiles of vegetable seeds amounting to about 100 tons have been transferred to I.C.E.. Efforts to dispose of these stocks abroad have met with little success, but fresh outlets are being sought.

3. Mustard Seed.
110 tons have been purchased for export and further quantities will probably be acquired.

4. Citrus Fruits.
The 1944/45 citrus fruit exports from Sicily to UK came to an

Salt	600,000	"	
Wine	152,625	"	
Oranges	548,448	"	
Grape fruit	264,689	"	
Black Olives	4,117	"	20,579,744
Cypsum	20,235	"	
	15,680	"	
Lemons	5,462,920	"	
Hemp	83,000	"	
Silk & struse	8,500	"	122,596,438
Tartaric Acid	87,660	"	
Citric Acid	658,302	"	15,621,027
"	184,387	"	
Mercury	180,000	"	112,675,000
Bergamot Oil	4,000	"	
Sulphur	1,265,000	"	5,629,250
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4. Citrus Fruits.
 The 1944/45 citrus fruit exports from Sicily to UK cease to an end with the sailing of the S.S. "Sanloyal" from Palermo on 24 Mar. '45. Over a period of 4 months 911,434 boxes of lemons and 80,380 boxes of Bitter Oranges were shipped, the following table showing the date of shipment, name of vessel, quantity loaded at each port, and totals.

DATE	SHIP	LEMONS	E. ORANGES	PORT.	TOTAL
19-11-44	S.S. Harding Ham	52,572		Catania	52,572
25-11-44	" " Ottinge	49,989		Syracuse	49,989
27-11-44	" " Miguel de Larrinaga	41,623		Messina	61,043
29-11-44	" " "	19,420		Syracuse	
13-12-44	" " Empire Addison	50,518		Catania	
16-12-44	" " "	5,271		Messina	87,976
16-12-44	" " Fort Caribou	32,187		Syracuse	
20-12-44	" " "	54,674		Messina	77,824
3-1-45	" " Boscoop	23,150		Catania	
9-1-45	" " "	34,313		Messina	76,603
3-1-45	" " Jersey Hart	42,290		Catania	
7-1-45	" " "	15,717		Syracuse	48,128
20-1-45	" " Ocean Rider	32,411		Catania	
23-1-45	" " "	31,591		Syracuse	74,401
23-1-45	" " Saroland	42,810		Catania	
25-1-45	" " "	11,674		"	
28-1-45	" " "	38,117		Messina	81,500
7-2-45	" " Empire Sumner	31,709	1,711	Catania	
8-2-45	" " "	20,995		Messina	
12-2-45	" " "	8,560		Catania	87,073
21-2-45	" " Fernbank	15,164	40,643	Syracuse	
18-2-45	" " "	19,946		Messina	
24-2-45	" " "	38,925		Catania	82,843
21-2-45	" " Empire Tweed	7,052	16,920	Syracuse	
24-2-45	" " "	26,799	12,437	Palermo	
26-2-45	" " "	20,017	8,619	Messina	75,271
1-3-45	" " Vest	7,349		Catania	
3-3-45	" " "	37,855		Catania	58,993
20-3-45	" " Senloyal	21,140		Messina	
22-3-45	" " "	42,439		Catania	
24-3-45	" " "	25,205		Messina	77,598
		9,954		Palermo	
		911,434	80,380		991,814

TOTALS FOR EACH PORT

PORT	LEMONS	ORANGES
Catania	422,260	
Messina	281,301	10,330

16-12-44	"	Empire Addison	50,518		Syracuse	81,976
16-12-44	"	"	5,271		Catania	
20-12-44	"	Fort Caribou	32,187		Messina	
3-1-45	"	"	54,674		Syracuse	87,976
9-1-45	"	Boscoop	23,150		Messina	77,824
3-1-45	"	"	34,313		Catania	
7-1-45	"	Jersey Hart	42,290		Messina	76,603
20-1-45	"	"	15,717		Catania	
23-1-45	"	Ocean Rider	32,411		Syracuse	43,128
23-1-45	"	"	31,591		Catania	
25-1-45	"	"	42,810		Syracuse	74,401
28-1-45	"	Scaroland	11,674		Catania	
7-2-45	"	"	38,117		"	
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12-2-45	"	"	20,995		Catania	
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24-2-45	"	Empire Tweed	7,052	16,920	Catania	82,843
26-2-45	"	"	26,799	12,487	Syracuse	
1-3-45	"	"	20,017	8,619	Palermo	
3-3-45	"	Vest	7,349		Messina	75,271
20-3-45	"	"	37,853		Catania	
22-3-45	"	Sanloyal	21,140		Catania	58,993
24-3-45	"	"	42,439		Messina	
	"	"	25,205		Catania	
	"	"	9,954		Messina	
			911,434	80,380	Palermo	77,598
						991,814

TOTALS FOR EACH PORT

PORT	LEMONS	ORANGES
Catania	422,260	
Messina	281,301	10,330
Syracuse	171,120	57,563
Palermo	36,753	12,487
	911,434	80,380

The quantity exported was somewhat short of the original programme of 14 million boxes and a description of the difficulties which have had to be overcome to report approximately 1,000,000 boxes would require much time and volumes of paper.

The major problem was the securing of sufficient packing materials, the island having been completely denuded of its stocks by the exports of the

previous season. Timber, nails, wrapping paper, chestnut bindings and binding wire had to be found, and some of this material had to be obtained from as far away as the U.S.

The estimated requirement was:

Timber	26,000 tons
Nails	116 "
Wrapping paper	400 "
Chestnut binding	18,000 bundles
Binding wire	18 tons

The timber was to be found in Calabria, but to secure the quantity and quality required at a price which would enable reports to be made on a sound economic basis was a gargantuan task, and for this purpose an AC Timber Section was established at Reggio Calabria. Transportation problems are well known, and to move this quantity of timber from the forests in the mountains of Calabria to the sawmills in Sicily necessitated the use of road, rail and sea transport on a large scale. In spite of all efforts on the part of AC Transportation Subcommittee and the M.W.F., the daily cry was for still more transport.

For many months the only transport available to the Timber Section consisted of 4 trucks, this was later increased to 10 and finally in September 30 IMV vehicles in doubtful condition were sent over from Sicily. When in running order and when POL was available, these were used to the best advantage carting timber to railway stations along the coast where once again it had to await the availability of freight cars for transport to either Reggio or Vibo Valentia. Some freight cars were able to cross the Straits of Messina on the Perry, but this traffic had to be stopped. Many schooners were used but the most important factor so far as sea transport was concerned was the use of the Steamer ITU which carried 1,000 tons every 10 days. A very useful contribution was made by sawmills in the Naples area who supplied over 100,000 tons.

The task of securing the timber and delivering the unmounted box to the packer at a controlled price of 55 Lire (subsequently increased to 65 Lire) plus the required quantity of other packing materials, also at controlled prices, was in itself an achievement and called for all the patience and enthusiasm that all the officers concerned could muster.

The actual shipping of the fruit was facilitated by the handing over of this responsibility to the ICS who placed contracts with groups of packers on behalf of AC and supervised the packing as well as the coordination of cargo with shipping. An experienced staff of experts were employed and results have shown that they have done an excellent job of work.

A few reports on landing condition have been received from the Ministry of Food, London, and two are quoted as an indication:

- S.S. BOSCOPE: General landing condition practically 100% 1st, 2nd and 3rd condition.
- Storage conditions: generally fairly cool.
- Variable percentage condensation all hatches in upper decks.
- General outturn: satisfactory.

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Storage conditions: generally fairly cool. Variable percentage condensation all hatches in upper decks.

General outturn: satisfactory.

Containers: standard - excessive breakage app. 2-4/2%.

S.S. JERSEY HARK: General landing condition vast majority 1st, 2nd and 3rd condition.

Stowage condition: cargo cool, stowage good with the exception of portion shifted during voyage in Nos. 1 and 4 holds.

General comments: quality and condition exceptionally good. Packing good.

Containers: Standard wooden boxes. Breakage excessive mainly due to cargo shifting. It will be necessary to deliver due to this cause sacks of fruit in lieu of boxes.

The results achieved with this program are entirely due to the zeal and enthusiasm of all concerned at HQ and in Sicily, but in particular to Maj. Stedens and the officers responsible for exports from Sicily under his direction, to Mr. Pagella of the Ministry of Food, who has been engaged on the program from its beginnings, and to all the Ministry of Food Staff under Mr. Graham since the institution of the MCF Sicilian Office. The cooperation of Mr. Stokes, the IWT representative in Sicily, has been very real and practical.

5. Essential Oils.

50 tons Lemon Oil 1943/44 production have been purchased for export to the U.S.A., and orders are being placed for 1944/45 production, and also for Orange and Tangerine Oil.

111-1/2 tons Bergamot Oil have also been purchased during the month.

6. Rare Essences.

25 Kilos Jasmine Concrete have been bought during the month, and interest is being taken in other rare essences, such as Neroli, etc. which have been offered overseas.

7. Tartaric Materials.

200 tons Argols have been purchased and negotiations continue for obtaining further quantities.

8. Sulphur.

Owing to greatly reduced output of Sicilian Sulphur, availability for export has been seriously cut down and is well below Mediterranean requirements.

9. Mercury.

The U.S.A. has evinced interest in this commodity and an offer of a substantial tonnage has been made.

10. Artisan Products.

In spite of high prices the U.S.A. has expressed interest in straw goods offered earlier and bids are expected. Sig. Maucchi left for Florence on 29 March with a view to negotiating on receipt of bids. Mr. R. E. Sewell joined Foreign Trade Division on 29 March and, with Sig. Maucchi, held a meeting with representatives of accordion manufacturers and discussed methods of reviving this export. A report has been sent to U.S.A. U.K. has expressed interest in broom corn and samples are being sent.

11. Human Hair.

An order has been placed for 120 Kilos for the U.S.A.

12. Sienna Earths.

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An order has been placed for 120 Kilos for the U.S.A.
- 12. Sienn Earths.
An offer has been received in reply to an enquiry from the U.S.A. and is being forwarded.
- 13. Briarwood.
Malta contracted for 1000 bales of Briarwood in various qualities, to be delivered urgently.
- 14. Salt.
600 tons of ground marine salt for salting were exported to U.S. as ballast on behalf of U.S.A. Further 2500 tons were contracted for.
- 15. Juniper Berries.
Contracts for 100 tons of Juniper Berries for U.S. have been placed.

16. Snuff Tobacco.
Further 36 tons of this commodity have been offered and contracts for export to U.S. are being placed.

17. Books and Periodicals.
Five offers of various publications have been submitted to American Universities through regular channels.

18. Building Stones.
U.S. has shown interest in certain building stones.

19. Pumice.
Offers in Lump Pumice and powdered Pumice have been transmitted to U.S. and U.K.

20. Silk.
A.C. Silk Control office at Reggio has now been formally handed over for operation by the Istituto Commercio Estero, who have undertaken contracts with the Calabrian filatures for the reeling of the 27 tons of imported Persian cocoons. These will now be able to maintain work until the availability of the new local crop.

Much negotiation has been taking place between various interested departments in the Italian Government concerning cocoon prices, but as yet the new decree has not received the Minister's signature.

A decree has however now been promulgated blocking all silk or silk products in Italian territory and this has been communicated to all the Regions, where it will be implemented by endorsement of the Vice President, C. A. Section.

21. General.
The volume of enquiries from abroad is increasing steadily, as well as offers of commodities for export.

22. Packing Materials.
2-1/2 tons of Soller have arrived from U.K. for use by the Essential Oil industry. Unfortunately, this material was issued in error to Public Works & Utilities Subcommission and the lack of solder may seriously prejudice the export of Essential Oils.
Acquisitions for 40 tons of Timpkate and 15,000 used British Army Biscuit Tins have been submitted.

The existing stocks of packing materials in Sicily and Naples (Panic wrapping paper, nails, sacks, etc.) have been turned over to I.C.E.

P.O.L. DIVISION

1. The Decree legalizing the scope and status of C.I.F. is still unpublished. It is understood that this further delay has been due to last minute objections by the Ministries of Finance and Justice.

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Acquisition for 40 tons of Tinplate and 15,000 used British Army biscuit tins have been submitted.

The existing stocks of packing materials in Sicily and Naples (fruit wrapping paper, nails, sacks, etc.) have been turned over to I.C.E.

P.O.L. DIVISION

1. The Decree legalizing the scope and status of C.I.P. is still unpublished. It is understood that this further delay has been due to last minute objections by the Ministries of Finance and Justice.

2. We have received an assurance from the Minister of Industry, Commerce and Labor, who is responsible for this Decree, that it is now in the hands of the Printers and that the covering letter from the President of the Council of Ministers, which covers certain points which it was agreed to exclude from the Decree itself, will be sent to the Chief Commissioner at the same time as the Decree is published.

3. The Italian Government are now responsible for making all **157** for the whole of Southern Italy, Sicily and Sardinia including Lazio and Abruzzi Compartments from Bulk Supplies made available to them by the Allies. They appear to be performing these new responsibilities satisfactorily, although there have been some local difficulties due apparently to insufficient control by EMAC (the Government trucking organization).

4. Control over vehicle circulation in Italian Government territory is still very bad, particularly in Rome, and despite protests and attempts to secure police action, there are still many unauthorized vehicles circulating with impunity largely on Black Market petrol and the substitution of control by ENAC appears, so far, to have made matters worse. The Chief Commissioner has officially drawn the attention of the Head of the Italian Government to this waste of petrol and consequent diversion of the Allied War Effort but he has not yet replied.

5. Some difficulties have been experienced in supplying COGEMA (the Coastwise Schooner organization) owing to an increase in their activities and lack of information as to their real needs. The Italian Government have therefore agreed to a temporary return of control over their POL supplies to the Allies until they can be put on a firm footing.

6. Arrangements have been made for supplying Northern Italy.

7. A Mission has gone to Washington with a modified Rehabilitation Program which, if accepted, will result in a substantial demand for POL details of which were included in the program.

W. P. EVANS
Colonel
Director
Commerce Subcommittee

4403

HEADQUARTERS ALLIED COMMISSION
COMMERCE SUBCOMMISSION
APO 394

JC/edg

Ref. AC/5130/Commerce

9 March 1945

MONTHLY REPORT, FEBRUARY 1945

MAR 10 1945

MATERIALS DIVISION:

1. In anticipation of the increasing work to be dealt with as more consumer goods become available for distribution from rehabilitated local industries, a reorganisation within the Subcommittee was carried out during the month whereby Demands and Releases, Special Materials, and Availability Sections were grouped together under the title of Materials Division. By doing this, it is felt that the personnel available are brought into closer touch with each other's particular tasks, and possible over-lapping of functions leading to either duplications or omissions, will be avoided.

2. Releases of controlled materials on a satisfactory scale were again obtained at the monthly meeting of the Engineering Materials Committee of AFIR(I)B. The cement situation has eased sensibly due to the increase of output from factories released from military control and now entirely available for civilian needs, which has made possible regular monthly allocations to Italian State Railways, Public Works and Utilities Subcommittee, etc., so that the programmes of reconstruction work may be carried on uninterruptedly as far as cement supplies are concerned. This has called for cooperation on the part of the Ministry of Industry, Commerce and Labour, which was readily given, as was also the case in instances of a similar nature, both on the part of this Subcommittee and the Ministry, emphasizing the spirit of goodwill and mutual trust which has been a feature of the relationship existing from the days of earliest contacts between both parties.

3. Availability Section:

I. Availability enquiries for February:-

a) AC/AMC Enquiries:

- | | | |
|----|-------------------------------|-----------|
| 93 | Electric refrigerators | Available |
| 94 | Inoxidable steel plates | in course |
| 95 | Generator & Centrifugal Pump | " " |
| 96 | Lathe apparatus complete | " " |
| 97 | Wool lead | " " |
| 98 | 2000 metres thin steel piping | Available |
| 99 | Nitro-cellulose paints | " " |

b) AFIRS Enquiries:

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3. Availability Section:

I. Availability enquiries for February:-

a) AG/AMC Enquiries:

93	Electric refrigerators	Available
94	Inoxidable steel plates	in course
95	Generator & Centrifugal Pump	" "
96	Lathe apparatus complete	" "
97	Wool lead	" "
98	2000 metres thin steel piping	Available
99	Nitro-cellulose paints	"

b) AFIRS Enquiries:

314	Scales	Available
315	Baling Cloth	in course
316	Packing Case Strapping and Seals	Available
317	Paper Products	"
318	Lignum Vitae	Not Available
319	Manufacture of Labels	In course
320	Soft Drawn Enamelled Copper Wire	Available
321	Aluminium Purifier	In course
322	Ferrodo Brake Lining Material	Available
323	Phosphor Bronze Scrap and Lacquered Blackplate	- in course
324	Industrial Machinery	in course
325	Electric Motor	" "
326	Stearic Acid	" "
327	Phosphor Bronze Scrap	" "
328	Sodium & Potassium Nitrate	Available
329	Paint Material	in course

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1- File copy
3- PAB

- | | |
|-----------------------------|-----------|
| 330 Cutlery Steel | Available |
| 331 Steam Piping | " |
| 332 Hydrated lime | " |
| 333 Acetone | in course |
| 337 Cast Bronze & Brass Rod | " |
| 338 Agricultural Machinery | " |

II. Availabilities submitted to AFLERS:

Pig Iron	8720 Qls.
Copper	78 "
Lead	21 "
Solder	7 "
Linseed	69 "
Caustic Soda	2033 "
Cables & Wires	
Electric Light Fittings	

III. Matches:

The Perugia Match Plant has finally been given power during the day. But the output of the factory is still a reduced one because, owing to lack of stearine and cotton thread, the machinery is now being transformed - the same applies at the Naples Plant - for the manufacture of cerini matches with the use of paraffin and cardboard. It is believed that normal production may be resumed during the month of March.

For the reconstruction of the plant of Putignano Pisano, cement and some electrical material has been allocated. The factory is expected to start production during April next.

AHQ asked whether Italy could supply 370,000,000 matches to Greece during May, June, July 1945. Although at this moment it is not possible to meet this request, it is possible that the supply might be feasible after the expected reactivation of the Putignano Pisano and Fucecchio Plants, and when normal production at the Naples, Perugia and Jesi Plants is resumed.

IV. Tobacco:

The manufacture of cigarettes, hampered owing to lack of cigarette paper, has been resumed, after a short interruption, thanks to the arrival of a small amount of this item from abroad sufficient for about a month.

A large number of rail-trucks is needed at present for the movement of raw tobacco for the supply of the factories located in various parts of liberated Italy. From South Italy, which in part is supplying also the factories in Central Italy, raw tobacco is being moved on rail to Pisa for the factories at Florence and Lucca. The transportation from Pisa to these factories is being carried out on trucks supplied by AMG 5th Army.

Owing to the shortage of schooners it was necessary to make special bids for allocation of rail-wagons for the transport of 150

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2033 "

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Owing to the shortage of schooners it was necessary to make special bids for allocation of rail-wagons for the transport of 150 tons of raw tobacco from Gallipoli to the factories of Palermo and Catania, which are urgently wanting this material. Furthermore the allotment of a ship having a loading capacity of 400-500 tons of raw tobacco has been obtained for the route Gallipoli - Catania - Palermo with a view to constituting an adequate reserve at the factories. The ship will be ready to load between 27 March - 5 April 1945.

V. Leather:

Considerable quantities of all types of skins and hides - processed and unprocessed - together with tanning materials have been reported from forward areas. Necessary action has been taken with the Italian Ministry and with the competent authorities in the Army Areas.

It is still too early to comment on progress made in the new Italian Government leather programme.

40 Special Material Section

I. Newsprint

a) As was predicted in January the supply of newsprint was practically exhausted during the month and the condition was critical especially in the city of Naples. In fact, in the latter city the newspapers were forced to suspend publication for two days. In the last two weeks the Naples papers have had reduced circulations and it is hoped they will not be forced to once again suspend publication.

b) The shortage of newsprint was due to two factors: the lack of imported supplies and the indiscriminate authorization of publications by the Italian Press Commission. The latter has however had the results of its action forcibly brought to its attention and today is following a more reasonable policy.

c) In conjunction with A.F.H.Q., stocks of newsprint have been obtained from different sources which it is hoped will be sufficient to meet requirements until American newsprint is once more available. Included among these borrowed stocks are: 300 tons from the French Government in Algiers; 100 tons from the Balkans; 40 tons from "Union Jack".

d) A.F.H.Q. has also brought pressure to bear in order to have American supplies shipped into Italy as soon as possible, and relief from the present critical situation is expected in the month of April.

e) Meanwhile, in conjunction with the Allied Publications Board, a plan is being prepared which will assign a fair quantity of newsprint stocks to the Italian Press Commission and which, at the same time, will cover Allied needs, particularly for future Northern operations.

f) The paper industry remains in a confused condition. The Ministry of Industry, Commerce and Labor and the Italian Press Commission are both attempting to deal with the situation but nothing definite is being accomplished. Meanwhile the price of scrap paper which is the basis of present newsprint production has risen from 7 1/2 lire per kilo to 22 lire per kilo officially, with black market quotations as high as 40 lire per kilo; and the price of newsprint has jumped from 26 lire per kilo to 60 lire per kilo or six-hundred dollars per ton in contrast to a landed cost of one-hundred seventy-five dollars per ton for the American newsprint. A price rise for the Rome papers which use locally-produced paper exclusively would appear imminent.

II. Clothing and shoes:-

a) The reprocessing of salvaged clothing carried on by the Commerce Sub-Division in Naples has more than met expectations; it has proved to be a marked success. The entire operation was inspected by officers of A.F.H.Q. and great admiration was expressed in regard to the work being done.

b) Large quantities of garments were made available by MATA for reprocessing, including 300 tons of clothing shipped from North Africa. The condition of the latter necessitated the setting up of laundries and disinfection plants which involved considerable difficulties. However,

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II. Clothing and shoes:-

a) The reprocessing of salvaged clothing carried on by the Commerce Sub-Division in Naples has more than met expectations; it has proved to be a marked success. The entire operation was inspected by officers of A.F.H.Q. and great admiration was expressed in regard to the work being done.

b) Large quantities of garments were made available by MMIA for reprocessing, including 300 tons of clothing shipped from North Africa. The condition of the latter necessitated the setting up of laundries and disinfection plants which involved considerable difficulties. However, the hurdle was jumped, and at present two large plants in Naples are laundering and disinfecting approximately 40,000 garments per week.

c) On the other hand, the reprocessing of army shoes under the supervision of the Ufficio Provinciale del Commercio e dell'Industria proved to be a disappointment in contrast with the clothing program. Constant efforts were exerted by this office and the Commerce Sub-Division in Naples to stimulate production, and promises have been given by the U.F.I.C. that the month of March will show a marked increase in repaired shoes availability. At the end of February approximately 70,000 pairs of shoes were available for repair, and R.E.M.E., which is manufacturing rubber soles for Ingalls in a most satisfactory manner, had available approximately 75,000 pairs of each of these items ready for delivery.

d) Actual deliveries of items of clothing to agencies which had received releases was delayed slightly due to the fact that the policy of cash on delivery proved to be an impossible burden when sums of several million lire were involved. Arrangements were worked out with the Finance Sub-Commission, however, whereby an Allied Agency could receive its allotments on the basis of a purely accounting transaction - no cash involved - and deliveries are expected soon to move at an increased pace.

e) The following quantities of clothing and shoes were allocated during the month of February:

B.D. Blouses	10,084
B.D. Trousers	28,091
Shirts, wool	7,489
Mackinaws	830
Overcoats	9,289
Field Jackets	12,980
Undershirts, wool	10,340
Undershirts, cotton	7,749
Drawers, wool	20,319
Drawers, cotton	2,128
Blankets	189
Socks	8,598 prs.
PAJAMAS	100
Gloves, wool	5,130 prs
Gloves, leather	2,580 prs.
Caps	3,450
	<hr/>
Total	129,346 garments
	<hr/>
Shoes	17,727 prs.
	<hr/>

III. Textiles:-

a) A visit to AMG - 5th Army by the director of this Sub-Commission during the month revealed that the textiles and clothing factories of this area were in production once again. Considerable quantities of clothing, textiles and blankets were being produced and distributed. This Sub-Commission requested and received approval of the Economic Section for a project whereby this office would maintain contact with AMG of 5th and 8th Armies and all clothing, textiles and blankets surplus to Army-area needs would be declared to it. This Sub-Commission would correlate all such availabilities with demands and allocate such items under terms of a schedule laid down by the Priorities Board.

FOREIGN TRADE DIVISION:

1. February has been a month of great activity in the export field. Combined Chiefs of Staff communicated to ARHO in January that

Shirts, wool	23,094
Mackinaws	7,489
Overshirts	530
Overcoats	9,289
Field Jackets	12,980
Undershirts, wool	10,340
Undershirts, cotton	7,749
Drawers, wool	20,319
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FOREIGN TRADE DIVISION:

1. February has been a month of great activity in the export field. Combined Chiefs of Staff communicated to AFHQ in January their agreement to direct communication between AC and Washington and London on routine export matters. The COM/MOC and FAT/TAP cable series were designated for this purpose and over one hundred outgoing cables alone have already been despatched. A strong impetus and general speeding up of export trade matters has been the inevitable result of direct communication, and to this must be added the tremendous increase of interest shown by other Allied Nations, particularly France, and the receipt of TAI 456 setting out new principles for the regulation of Italian Export Trade. This new policy is now in the process of interpretation and implementation, but the main change is the division of export commodities into two categories: (A) those in short supply and necessary to the Allies for the War Effort, and (B) all others. Locally, the control over (A) remains strict, but liberty of action will be given to the Italian Government in respect of (B) Commodities.

2. In keeping with the changing functions of AC and the additional responsibility which the Italians are required to exercise in foreign trade matters, the Ministry of Industry, Commerce and Labour is taking steps to issue decrees empowering the Istituto per il Commercio Estero to take on the new duties now required of it. These will include the Institute's relations with the exporters as contracting agent for the Government and also its relations with the Treasury with regard to export prices. The decrees are promised within March.

3. Trade With France

Directions have been received from CCS as to the manner of regulating Franco-Italian trade and a memorandum on the subject has been presented to the Italian Prime Minister by the Chief Commissioner. Meanwhile the French Embassy in Rome has been commissioned by the French Government to discuss trade matters with AC and discussions have been held with officers of Finance Subcommittee and Foreign Trade Division. Current routine matters concerning commodities for export to France have been also dealt with direct between Foreign Trade Division and the French Commercial Attaché.

4. Commodities

Total exports during the month amounted to over 12,450 tons gross representing a value of approximately 140 million lire. Goods exported were as follows:

LEMONS	7,978 tons to U.K.
BITTER ORANGES	1,313 " U.K.
ORANGES	358 " Malta
OTHER FRUITS	160 " Malta
WINE	480 " Malta
WINE	270 " U.K.
CEMENT	500 " Corsica
SALT	150 " Malta
VEGETABLE SEEDS (Mainly Broad Bean)	
COTTON SEED	240 " Greece
OLIVES	211 " Malta
CHESTNUTS	16 " Malta
WALNUTS	211 " Malta
ALMONDS	90 " Malta
HAZEL NUTS	20 " Malta
ARGOLS	100 " Malta
TARTARIC ACID	60 " U.S.A.
CITRIC ACID	154 " U.K.
HEMP	34 " U.K.
PLASTIC CHALK	44 " U.K.
BASKETS	15 " Malta
	46 " Malta

Shipments already scheduled to take place during March represent a value of over 200 million lire.

Negotiations are in progress for the export of surplus minerals,

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Shipments already scheduled to take place during March represent a value of over 200 million lire.

Negotiations are in progress for the export of surplus minerals, such as Pyrites, Bauxite, Zinc Blend, etc.

Rare Essences have been offered and contracts have been placed for 150 kilos Jasmene Concrete.

The USA have bought 100,000 lbs Bergamot Oil and it is hoped to cover 46,000 lbs for France also. Negotiations were still in progress at the end of the month for covering 500 quintals Lemon Oil 1943/44 production required by the USA. Stockpiles of Vegetable Seeds purchased for Liberated Areas were reduced by only 4 tons during the month. Meetings have been held with groups of manufacturers and Reporters of artisan products regarding the reorganisation of export trade in gloves, ceramic marble and alabaster work.

The USA have equal stocks, availabilities and production possibilities of accordions, and an offer of 25 million lire worth of straw braids and straw hats has been made to the U.K.

The USA is also showing interest in human hair.

5. Silk

During the month visits have been made to the silk producing areas of Tuscany, where it was found that demolitions in the filatures had been as thorough as in the Marche Region. There are however a couple of filatures in Arezzo Province, which had been overlooked, and it is being arranged to work in these what stocks of cocoons still exist.

In the Ancona Province production should begin immediately, as coal has now been laid on and electric power has been promised.

By the time of the new crop many filatures should be back in production in Central Italy.

27 tons of Persian cocoons have been imported for the Italian reelers and these are being distributed among the filatures in Calabria.

6. Packing Materials

Timber Section, Reggio Calabria, closed down on the 26th February. The long outstanding problem of timber sea freight rates at last settled - too late to be of any material assistance, although claims have been made by the AG timber agent for refund of the excess charges.

7. Trade with Malta

February was a heavy month, so far as the volume of shipments to Malta is concerned. No new demands were received. As a result of the visit of Malta's representative to W.S.A. the S/S PELAGOSA of 770 tons D.W. was allocated to the Malta-Sicily trade.

At the end of the month, orders were received from C.C.S. to suspend all further shipments of nuts and cotton seed, pending the justification of the existence of exportable surpluses of these items. This suspension was put into effect forthwith.

8. Mr. Graham of the Ministry of Food, London, returned to U.K. for consultation with his Ministry. After the end of the month, Mr. Southern of the Ministry of Food arrived to investigate the nut position.

P.O.L. DIVISION:

1. The Council of Ministers approved the decree legalizing CIP's position on 7 February 1945, but, being still unpublished, it is not yet actually in effect. Last-minute alterations by the Italian Government were withdrawn and the decree as agreed is considered satisfactory.

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1. The Council of Ministers approved the decree legalizing CIP's position on 7 February 1945, but, being still unpublished, it is not yet actually in effect. Last-minute alterations by the Italian Government were withdrawn and the decree as agreed is considered satisfactory.

2. The Italian Government assumed responsibility for all civilian allocations of Petroleum in Lazio. and Abruzzi Compartimenti w.e.f. 1 March 1945.

3. Negotiations are still in progress between the Italian Petroleum Committee and ENAC concerning supplies for the latter.

W. P. EVANS
Colonel
Director
Commerce Subcommittee

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HEADQUARTERS ALLIED COMMISSION
A.P.O. 394
COMMERCE SUB-COMMISSION

JC/rfk

10 February 1945

Ref. AC/5130/Commerce

MONTHLY REPORT. JANUARY 1945

MAR 14 1945

AVAILABILITY SECTION

1. Final list of controlled materials has been prepared and will be circularized under reference AC/5199/Commerce, dated 3 January 1945.

2. Availability enquiries during the month are listed as follows:

a) January 1945, A.C. & A.M.C. enquiries

- 84 Alum
- 85 Diesel Engine
- 86 Repairing Cement
- 87 Procurement of Material for telephone Exchange
- 88 Stoves heating Term Pattern
- 89 1 1/2 Tons Iron Pipes
- 90 4 Tons Planks & Poles
- 91 Tyres for Tricycles
- 92 Zinc sheeting

- non-available
- in course
- non-available
- available
- in course
- available
- in course
- available
- in course

b) A.P.L.R.S. enquiries - January 1945

- 277 Rags
- 278 Artist's Material
- 279 Kerosene Room Heaters
- 280 Wool blankets
- 281 Ferroc chrome 4 - 5 Tons
- 284 Briar Pipes
- 285 Gloves
- 286 Novelty Jewelry
- 287 Zinc sheeting
- 288 Stencil brushes
- 289 Weighing Machine
- 290 Lead seeds
- 291 3/4 Tons of Alum
- 292 Pine Rosin Oil
- 293 Bandsaw
- 294 Dry Starch
- 295 Plastic Mess Trays
- 296 Case hardening compound
- 297 Dogs

- non-available
- available
- "
- "
- "
- "
- "
- non-available
- available
- "
- "
- non-available
- "
- "
- some
- in course
- "
- available
- in course

AVAILABILITY SECTION

1. Final list of controlled materials has been prepared and will be circularized under reference AC/5199/Commerce, dated 31 January 1945.

2. Availability enquiries during the month are listed as follows:

a) January 1945, A.C. & A.M.G. enquiries

84 Alum	non-available
85 Diesel Engine	in course
86 Repairing Cement	non-available
87 Procurement of Material for telephone Exchange	available
88 Stoves heating Termi Pattern	in course
89 1 1/2 Tons Iron Pipes	available
90 4 Tons Planks & Poles	in course
91 Tyres for Tricycles	available
92 Zinc sheeting	in course

b) A.F.L.R.S. enquiries - January 1945

277 Rags	non-available
278 Artist's Material	available
279 Kerosene Room Heaters	"
280 Wool blankets	"
281 Ferric chrome 4 - 5 Tons	"
284 Briar Pipes	"
285 Gloves	"
286 Novelty Jewelry	non-available
287 Zinc sheeting	available
288 Stencil brushes	"
289 Weighing Machine	"
290 Lead seals	non-available
291 31 Tons of Alum	"
292 Pine Resin Oil	"
293 Bardsaw	same
294 Dry Starch	in course
295 Plastic Mess Trays	"
296 Case hardening compound	available
297 Dags	in course
298 Window Glass	available
299 Manganese Dioxide refined	in course
300 Tungsten Pure	available
301 Leather Chain Straps	"
303 All mains Radiogram with Dappings to suit voltages from 110-250 v.	in course
304 Tableware	available
305 Furniture	"
306 Cellulose and Bass Vials	in course
308 Aluminium sheets	"
310 Tea	"
311 Cerks	"
312 Pressing Irons	some available

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3. Principal availabilities submitted to APIRS during the month were:

Availabilities - January 1945.

Brass	135	Qls.
Copper	354	"
Lead	174	"
Paint & Varnish	72	"
Wire & Cables	535	"
Caustic Soda	181	"
Electric Wire & Cables	340,000	metres
Pig Iron & Steel	395	Qls.
Soda Solvay	40	"

4. LEATHER.

Investigations into the whole question of leather availability are being pursued. If, as anticipated, the new Ministerial proposal for leather production is approved, the availability will consist of a monthly production of 150 - 250 tons. Price of sole leather would remain at 2.275 per kilo, as fixed by Ministerial Decree No. 244 of 21 September 1944.

200 tons of hides are available in Sardinia and can be used in the leather program provided a reasonable percentage of return, in the form of finished leather, is guaranteed to the High Commissioner for Sardinia.

1,000,000 assorted hides are also available in Sardinia, but unless early dispositions are made, or supplies of preservatives in the form of alum or mercuric are furnished the whole stocks will be **jeopardized**.

Chestnut tannin (castagno) is unobtainable in Sardinia.

5. MATCHES.

The joint efforts of Commerce, Industry and Public Works & Utility Sub-Commissions made with a view of obtaining an allocation of power for the match plant at Jesi had a result, in as much as night load power has been made available to this factory for 7 hours per night.

Production started on 15 January, the daily output is 8,500,000 matches (sulphur) i.e. 220,000,000 per month against a normal output of 450,000,000 per month.

Experiments are being made to procure a suitable generator for the plant, in order to raise the output of sulphur matches.

This is all the more important, as the raw materials for the manufacture of corina (wax) matches are running out.

6. TOBACCO.

4. LEATHER.

Investigations into the whole question of leather availability are being pursued. If, as anticipated, the new Ministerial proposal for leather production is approved, the availability will consist of a monthly production of 150 - 250 tons. Price of sole leather would remain at 2.275 per kilo, as fixed by Ministerial Decree No. 244 of 21 September 1944.

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Endeavours are being made to procure a suitable generator for the plant, in order to raise the output of sulphur matches.

This is all the more important, as the raw materials for the manufacture of cerini (wax) matches are running out.

6. TOBACCO.

A fair supply of salvage cardboard containers for rations has been located in Rome and Naples, thru which the needs of the Tobacco - Monopoly of cardboard - boxes will be partly satisfied.

RELEASES SECTION

1. The outstanding feature of January, so far as this Section's affairs were concerned, was the large release of materials toward satisfying AD bids for civilian requirements at the meeting on 2 January of the Engineering Materials Committee of the AFM(1)B and which encourages the hope that there is now developing a truer appreciation of Italy's economic predicament brought about, to a considerable extent, by the heavy allied military efforts upon her material resources.

The Italian Ministry of Industry, Commerce and Labor are gratified with this promise of greater assistance, especially with such items as paints and electric fittings and materials, so badly needed for housing projects, and rehabilitation of industry.

Toward the end of January the distribution of repaired and new tires and tubes for AC/ANG requirements, including such organizations as ICR, CIP, and ENAC, was transferred to the care of this Section from Transportation Subcommittee. The existing stocks have already been released on a priority basis approved by AC Priorities Board. It. Divine was assigned to this Subcommittee, with Italian personnel, for the purpose of taking charge of these activities.

The policy of handing over to the Italian Ministry of Industry, Commerce and Labor, the work of freezing and releasing controlled materials as well as the furnishing of availability reports, has been consistently pursued throughout the past month, and the eventual 100% hand-over contemplated can be foreseen as a practical measure with perhaps certain reservations which Allied military interests would impose.

SPECIAL MATERIALS SECTION

1. NEWSPRINT

A. The shortage of newsprint became critical during the month as there have been no imports of this item for two months. A.S.S.B. had warned that there would be no arrivals during December; however, for January 1,000 tons had been expected. The difficulty was apparently due to an oversight on the part of A.S.S.B. in forwarding to the U.S. the newsprint requisition for the first six months of 1945. Meanwhile, the newspapers are being cut down on their circulation and in newsprint does not arrive in the very near future may be forced to suspend publication.

B. Final steps were taken by the Soprintendente per la Stampa e le Informazioni (Italian Press Commission) for ensuring supervision of the distribution of newsprint in liberated Italy. The actual control and warehousing has been taken on by the Banca Nazionale del Lavoro who will also take care of all sales and payments and in the case of imported newsprint will render accounts to I.C.S.

C. Considerable difficulties have been experienced in relations with the Italian Press Commission and it was only when pressure was brought to bear by the Allied Publications Board that there was a change for the better. In the beginning, the I.P.C. had entrusted the distribution of paper in Rome to the Association of Newspaper Editors which was an organization that was highly untrustworthy if not actually dishonest. Further, the I.P.C. has inclined to divert the paper stocks despite the critical situation mentioned in para. 4. by authorizing the release of newsprint

...basis approved by the Director, in accordance with the provisions of the Executive Order, for the purpose of taking charge of these activities.

The policy of handing over to the Italian Ministry of Industry, Commerce and Labor, the work of freezing and releasing controlled materials as well as the furnishing of availability reports, has been conscientiously pursued throughout the past month, and the eventual 100% hand-over contemplated can be foreseen as a practical measure - with perhaps certain reservations which Allied military interests would impose.

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B. Final steps were taken by the Spettosogratario per la Stampa e la Informazione (Italian Press Commission) for assuring supervision of the distribution of newsprint in liberated Italy. The actual control and warehousing has been taken on by the Banca Nazionale del Lavoro who will also take care of all sales and payments and in the case of imported newsprint will render accounts to I.C.S.

C. Considerable difficulties have been experienced in relations with the Italian Press Commission and it was only when pressure was brought to bear by the Allied Publications Board that there was a change for the better. In the beginning, the I.P.C. had entrusted the distribution of paper in Rome to the Association of Newspaper Editors which was an organization that was highly untrustworthy if not actually dishonest. Further, the I.P.C. was inclined to dissipate paper stocks despite the critical situation mentioned in para. A. by authorizing many releases of newsprint to newly authorized publications. Such practices were quickly halted at least for so long as there was still Allied control over the stocks.

D. During the last week of the month a large black-market operation in newsprint was uncovered in Naples but the center of this activity appears to be in Rome. Large amounts of stolen paper from the morale papers and P.M.S. were involved. AS paper works its way into this market in the following fashion: paper is allocated and sold at 175 dollars per ton to the newspapers on the basis of their A.F.S. authorized circulation; the American paper is not used by the newspapers but rather is exchanged for a local black-market product or simply sold for a price which may reach as high as 2,000 dollars per ton; in other words it is more profitable for a seller to be a newsprint holder than a newspaper publisher. A police investigation of this entire matter is now under way. Italian Press Commission has been served notice by A.S.S. that it must clear up the situation within thirty days or lose all further allocations of imported American newsprint.

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E. The paper industry remains in a state of chaos and paper production is suffering accordingly. The Ministry of Industry, Commerce and Labour has proved remarkably disinterested in this field and due to its default the Italian Press Commission has stepped in and undertaken responsibilities not within its jurisdiction such as the regulation of paper prices and control over newsprint production.

2. CLOTHING, SHOES, and TEXTILES.

A. The reprocessing of salvage army clothing under the supervision of Southern Region developed into a remarkably successful operation during the month of January. Repaired clothing was being turned out so rapidly that by the end of the month practically the entire stock of garments turned over to AC by MMIA was either completed or in the hands of contractors or dyers.

B. The shoe repair program under the supervision of the Ufficio Provinciale in Naples was very slow and constant efforts were made by this office to stimulate production. A contract was drawn up by this office with RME for the production of 150,000 sets of rubber soles and heels to be supplied during the next three months at the price of 150 lire per set. The larger part of these soles and heels will be used for the repair of army boots; any balance will be distributed to the civilian population through the Istituto Nazionale per il Commercio Estero.

C. With the arrival of the first availability list of repaired clothing on 17 January, the matter of allocation and the determination of a distribution schedule was brought before the AC Priorities Board. It was felt that, due to the critical need for clothing for essential workers employed by the Armed Forces, the largest part of all availability should be allocated to them. With the help of the Labour Sub-Commission figures were obtained of the Allied agencies employing civilians and the number of them. The Priorities Board allocated to these agencies 60% of total availability and directed that each unit receive that proportion of the availability which the number of its workers bore to the total number of employees. The list of agencies, number of employees and percentage of clothing it will receive is as follows:

Unit	No. of Employees	Percentage
1. F.B.S.	40,000	12.3%
2. Directorate of Labour (B)	140,000	44.0%
3. American Air Force	15,000	4.5%
4. 5th Army	10,000	3.0%
5. Military Railway Service	75,000	23.0%
6. Royal Air Force	5,000	1.6%
7. Replacement Command (A)	1,500	0.5%
8. Royal Navy	20,000	7.2%
9. United States Navy	3,500	1.2%
10. Adriatic Depot	5,000	1.5%

D. 60% of the total availability having been allocated to these

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Unit	No. of Employees	Percentage
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2. Directorate of Labour (B)	140,005	44.0%
3. American Air Force	15,000	4.5%
4. 5th Army	10,000	3.2%
5. Military Railway Service	75,000	23.5%
6. Royal Air Forces	5,000	1.6%
7. Replacement Command (A)	1,500	0.5%
8. Royal Navy	25,000	7.8%
9. United States Navy	3,500	1.2%
10. Adriatic Depot	5,000	1.6%

D. 60% of the total availability having been allocated to these above-listed agencies, the balance was distributed as follows: 70% of 40% distribution to the Patriots Branch, Displaced Persons and Repatriation Sub-Commission, and the Public Safety Sub-Commission; 30% of 40% or 12% of total availability was assigned to the Economic Section to be divided 45% to Transportation workers, 45% to Public works and Utilities employees, 10% for a reserve.

E. A conference between the director of this Sub-Commission and officers of A.N.S.V. was also held and it was agreed that during the month of February direct releases of clothing from salvage depots (bypassing MIIA) would be made which would be re-processed and allocated 100% to essential civilian workers of the Armed Forces.

F. On the basis of the schedule determined by the Priorities Board the following quantities of clothing and shoes were allocated during the month of January:

1. B.D. Blouses	1,696
2. B.D. Trousers	3,623
3. Wool Shirts	1,900
4. Overcoats	88
5. Field Jackets	1,030
6. Undershirts (w)	6,533
7. Undershirts (c)	2,736
8. Drawers (w)	4,320
9. Drawers (c)	3,149
10. Repaired Boots	8,620 pairs

FOREIGN TRADE SECTION

1. EXPORT SHIPMENTS

January exports surpassed those of any previous month and consisted of the following:

Lemons	11,225.3 tons	to U.S.A.
Sulphur	3,195	North Africa,
"	3,590	France,
Wine Lees	530	U.S.A.,
Hemp	401.5	" "
Wine	204.7	" "
Argols	66.6	U.S.A.,
Salt	59	Malta,
Vegetable Seeds	22	Greece,
"	2.4	USA, North Africa, Corsica, Malta,
Mustard Seed	2	North Africa,
Becks	2	U.S.A.,
Lightite	.5	" "

making a total of 19,992 tons, representing a value of over 153 million lire.

2. GOODS AWAITING SHIPMENT

Goods at ports awaiting shipment at the end of January comprised:

Sulphur	500 tons
Citric Acid	730 "
Wine	328 "
Chestnut Strips	300 "
Fruit	260 "
Wine Lees	277 "
Salt	150 "
Hemp	143 "
Nuts	120 "
Cassiterite	111 "
Tartaric Acid	105 "

5,620 pairs

10. Repaired Boats

FOREIGN TRADE SECTION

1. EXPORT SHIPMENTS

January exports surpassed those of any previous month and consisted of the following:

	11,225.8 tons	to	U.K.,
Lenses	3,195	"	North Africa,
Sulphur	3,580	"	France,
"	830	"	U.K.,
Wine Lees	481.5	"	"
Hemp	204.7	"	"
Wine	66.6	"	U.S.A.,
Argols	59	"	Malta,
Salt	22	"	Greece,
Vegetable Seeds	2.4	"	USA, North Africa, Corsica, Malta,
"	2	"	North Africa,
Mustard Seed	2	"	U.S.A.,
Becks	.5	"	"
Lignite		"	"

making a total of 19,592 tons, representing a value of over 153 million lire.

2. GOODS AWAITING SHIPMENT

Goods at ports awaiting shipment at the end of January comprised:

	500 tons
Sulphur	730
Citric Acid	526
Wine	300
Chestnut Strips	280
Fruit	277
Wine Lees	150
Salt	143
Hemp	120
Nuts	111
Cassiterite	105
Tartaric Acid	100
Cotton Seed	65
Argols	53
Blocks Talc	25
Vegetable Seeds	11,790 baskets,
Willow Baskets	

a total of 3,272 tons.

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3. GOODS CALLED FORWARD FOR EXPORT

In addition, the following goods on order are scheduled to arrive at ports for shipment during February:

Broad Bean Seeds	450 tons
Wine Lees	300 "
Citron Peel in Brine	250 "
Mercury	150 "
Argols	114 "
Brierwood	90 "
Block Talc	55 "
Silk	10 "
Cork	12 "

a total of 1,431 tons.

4. COMMODITIES

4. GENERAL INFORMATION

negotiations have been pursued with a view to placing fresh contracts for tartaric materials, brierwood, citrus peels, essential oils, pumice, mustard seed, cosmetic talc, human hair, citrus juices, liquorice, etc., but the difference between Italian exporters' prices and the limits imposed by Buyers overseas based on world market prices is now so marked that further contracts are difficult to conclude. Italian exporters will seldom leave their offers firm for sufficient time to get a reply from the U.S....

Orders from abroad have been received for:

- 150 Kilos Jasmine Concrete,
- 500 Quintals Lemon Oil,
- 100,000 Lbs. Bergamot Oil,
- 1,500 Tons Mustard Seed,
- 400 Tons Argols and Wine Lees,

but for the reasons stated above it has not yet been possible to place any of them.

Enquiries have been received for:

- Brierwood,
- Cosmetic Talc,
- Pumice,
- Liquorice Roots and Paste,
- Artisans' Products.

E. SILK

Major Robertson and Mr. Gaidus visited during January filatures of the Marche and Abruzzi Provinces with a view to placing contracts

10 "
12 "

Silk
Cork

a total of 1,431 tons.

4. COMMODITIES

4. GENERAL INFORMATION

negotiations have been pursued with a view to placing fresh contracts for tartaric materials, briarwood, citrus peels, essential oils, pumice, mustard seed, cosmetic talc, human hair, citrus juices, liquorice, etc., but the differences between Italian exporters' prices and the limits imposed by Buyers overseas eased on world market prices is now so marked that further contracts are difficult to conclude. Italian exporters will seldom leave their offers firm for sufficient time to get a reply from the U.S....

Orders from abroad have been received for:

- 150 Kilos Jasmine Concrete,
- 50 Quintals Lemon Oil,
- 100,000 Lbs. Bergamot Oil,
- 1,500 Tons Mustard Seed,
- 400 Tons Argols and Wine Lees,

but for the reasons stated above it has not yet been possible to place any of them.

Inquiries have been received for:

- Briarwood,
- Cosmetic Talc,
- Pumice,
- Liquorice Roots and Paste,
- Artisans' Products.

B. SILK

Major Robertson and Mr. Gallum visited during January filatures of the Marche and Abruzzi Provinces with a view to placing contracts for the reeling of silk of cocoon masses during 1944. Three factories in Jesi and three in Osimo accepted our new conditions which compare favorably with our old contracts in Calabria. The reeling price is reduced to Liro 500.- per kg. of raw silk for the highest grade silk (Liro 1,100.- in Calabria) and includes the reelin. cost of the struse. The position regarding silk production in Ancona Province was reported to be favorable. The Consorzio A.orio of that Province gave the following indications:

Kgs.	17,000	coccons in warehouse
"	20,000	likely to be massed
"	8,000	in hands of filantieri
<hr/>		
"	45,000	yielding 15 tons of raw silk.

(total production in Calabria up to date: 53 tons.)

At present Tuscany Region is being visited by Major Robertson and Mr. Galbum. 25,000 ounces of Turkish Silkstone seeds arrived in Rome by plane and were delivered to Ischia Piceno for cold storage.

C. COCK

12 tons of Curbs for fishing nets are ready in Cagliari and will be shipped to Bari during February, pending onward shipment to the Balkans.

5. MATERIALS REQUIRED TO IMPLEMENT AN EXPORT PROGRAM

A full programme is being prepared in collaboration with I.C.E. giving details of:

- (a) Materials to be imported, required for packing of exportable commodities,
- (b) Materials to be imported, required for the processing of exportable commodities.

6. REPORTS TO MALTA

Shipping difficulties resulted in Malta. A one short of salt. The difficulty was surmounted by an emergency bid for a schooner and by Malta sending a naval vessel. A bill for 200 tons of shipping space weekly has been made to Transportation Subcommittee in order to smooth the flow of exports to Malta.

An enquiry was received from Malta for 1000 bags Eriarwood.

P.O.L. SECTION

1. Discussions have been started with the Italian Government and AC Regions with a view to handing over to the Italian Government 4 March 1945 responsibility for allocations of P.O.L. in Lazio and Abruzzi Regions.
2. The only problems involved are the requirements of Truck Pools which are abnormally high and variable in Marche-Abruzzi Region and which have hitherto been under close supervision from AD officers in Lazio-Umbria Region.
3. With N40 not yet operating there appears to be some uncertainty who will control transport in Lazio-Umbria Region. In Marche-Abruzzi Region it is still under the control of AD.

5. MATERIALS REQUIRED TO IMPLEMENT AERCHU PROGRAM

A full program is being prepared in collaboration with I.C.C. giving details of:

- (a) Materials to be imported, required for packing of exportable commodities,
- (b) Materials to be imported, required for the processing of exportable commodities.

6. EXPORTS TO MALTA

Shipping difficulties resulted in Malta when short of salt. The difficulty was surmounted by an emergency bid for a schooner and by Malta sending a naval vessel. Bid for 200 tons of shipping space weekly has been made to Transportation Subcommittee in order to smooth the flow of exports to Malta.

An enquiry was received from Malta for 1000 bags birchwood.

P.O.L. SECTION

1. Discussions have been started with the Italian Government and AC Regions with a view to handing over to the Italian Government W.C.F. 1 March 1945 responsibility for allocations of P.O.L. in Lazio and Abruzzi Regions.

2. The only problems involved are the requirements of Truck Pools which are generally high and variable in Marche-Abruzzi Region and which have hitherto been under close supervision from AD officers in Lazio-Umbria Region.

3. With ELAC not yet operating there appears to be some uncertainty who will control Transport in Lazio-Umbria Region. In Marche-Abruzzi Region it is still under the control of AC.

COSDIST

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3 - TRB

W. P. MAAS
Colonel
Director
Commerce Subcommittee

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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUB-COMMISSION

JG/rjk

Ref. AC/5130/Commerce

10 January 1945

MONTHLY REPORT, DECEMBER 1944

JAN 13 1945

AVAILABILITY SECTION

1. Further progress was made regarding the revised list of materials to be controlled by the Italian Government. Details of the completed list and the new Decree in respect of same will be published next month.
2. Enquiries made during the month as to availability are listed as below:

(a) AMB, AC, enquiries

83 70,000 yds of camouflage material .. available

(b) APLISS enquiries

262	Plate Glass	available
263	Asbestos	"
264	Medical Supplies	some available
265	Air Compressors	available
266	Occupational therapy	on course
267	Cotton thread	available
268	Fillow feather, mattress cotton, Hackbus paper	available
269	Caustic Potash 5 tons	"
270	Silicate of Soda 4 1/2 tons	"
271	Armchairs 200 Sittles 50	"
271	Safety Glass for use in Vehicle windows and windshields	"
272	Cork sheets	"
273	Ammonium Chloride	on course
274	Perjings	"
275	Synthetic Glue	"
276	Army Officer Rank Insignia	available

3. Principal availabilities submitted to AMB during the period under review include:

Wire and cables	230 cts.
Pig iron	22 "
Lead	61 "
Copper	204 "
Varnish	17 "
Calcium carbide	276 "
Caustic soda	150 "

to be controlled by the Italian Government. Details of the completed list and the new Decree in respect of same will be published next month.

2. Enquiries made during the month as to availability are listed as below:

- (a) ABE, AC, enquiries
 - 83 70,000 yds of camouflage material .. available
- (b) AWERS enquiries
 - 262 Plate Glass available
 - 263 Asbestos "
 - 264 Medical Supplies some available
 - 265 Air Compressors available
 - 266 Occupational therapy on course
 - 267 Cotton thread available
 - 268 Pillow feather, Mattress cotton, Mapkins paper available
 - 269 Caustic Potash 6 tons "
 - 270 Silicate of Soda 1 1/2 tons "
 - 270 armchairs 200 Sittles 50 "
 - 271 Safety glass for use in Vehicle windows and windshields "
 - 272 Cork shunts " "
 - 273 Ammonium Chloride on course
 - 274 Forgings "
 - 275 Synthetic glue "
 - 276 Army Officer Rank Insignia available

3. Principal availabilities submitted to AWERS during the period under review include:

Wire and cables	230 qls.
Pig iron	22 "
Lead	61 "
Copper	204 "
Varnish	17 "
Calcium carbide	276 "
Caustic soda	150 "
Electric material	

4. Information on special items

(a) Soap
This commodity has now been placed on the list of restricted articles.

(b) Cement
all cement, other than that produced under military control, has been placed on the restricted list.

*Info destroyed -
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- 2 -

(c) Leather

The availability of leather continues to be unsatisfactory. Deficits on supplies of tanned leather for Italian Army boot repairs from September and December were 90,044 kgs. of sole leather and 70,972 Sq.ft. of upper leather. A special investigation is being made into this whole question.

(c) Matches

According to the November Report it was hoped that the match situation would have improved owing to the advice received from the P.C. Ancona on the 27 November that power has been made available to the Jesi factory. The increase of the match ration from 25 to 50 matches was based upon the output of this factory (450,000,000 matches per month.) Contrary to the assurance obtained from Ancona, no power has been supplied to the SAVA plant at Jesi, and so far, it is not known when this will be made available.

A twenty days' interruption of power supply to the Perugia plant during the month of November, (owing to the need for giving more power to the oil presses of the Region,) resulted in a loss of 200,000,000 matches, which considerably affected the availability of this item.

Owing to the lack of cotton thread the match factory at Naples had to adapt the machinery for the manufacture of cereal matches to take thin cardboard instead of cotton thread. This transformation was expected to be finished by the middle of December, however the output, based on a normal calculation, has not yet started.

These facts may cause a temporary discontinuation or a reduction of the match ration. In any case efforts are being made to avoid this.

The reconstruction of the Phococchie and Putignano Pisano plants is going on in spite of the difficulties encountered in the procuring of the necessary building and other materials.

A regular sea-transport service has been established between Naples and Sirtegn, so that the difficulties, mentioned in the November report in respect of the shipment of matches to that Region, have ceased.

The difficulties which had arisen in the distribution of matches in Sicily, owing to directives of the High Commissioner conflicting with those issued by the Ministry of Finance, have been eliminated during the last month.

Potassium Chlorate has been made available to the match industry by imports from abroad, the arrival of Phosphorous Sesquisulphide is expected during the month of January. None of these materials is produced in Italy, because of the complete destruction of the chemical plant at Spoleto, also no stocks are on hand.

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These facts may cause a temporary discontinuation or a reduction of the match ration. In any case efforts are being made to avoid this.

The reconstruction of the Lucocchie and Putignano Pisano plants is going on in spite of the difficulties encountered in the procuring of the necessary building and other materials.

A regular air-transport service has been established between Naples and Sardegna so that the difficulties, mentioned in the November report in respect of the shipment of matches to that Region, have ceased.

The difficulties which had arisen in the distribution of matches in Sicily, owing to directives of the High Commissioner conflicting with those issued by the Ministry of Pinaro, have been eliminated during the last month.

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(c) Tobacco

After an interval of three months a number of scammers have been made available for the shipment of raw tobacco from Gallipoli to Sicily, so that cessation of manufacture in Palermo and Catania has been avoided.

With a view to making space in the warehouses of Lecce for the raw tobacco crop of 1944 large quantities of raw tobacco are being moved to the North in order to be converted into finished products in the factories of Florence and Lucca. This has been made possible by the opening of the railway station of Pisa for civilian traffic.

For the movement from Pisa to Florence and Lucca of quantities of raw tobacco, it has been ascertained that the 5th Army will put trucks at the disposal of the State Tobacco Monopoly.

Due to the shortage of cigarette paper the Monopoly intends to distribute 50 grams of cut tobacco per person per week for those smokers who prefer to cut it in lieu of the present ration of 30 cigarettes (equal 30 grams).

Owing to the shortage of cover stock for packages the tobacco Monopoly is endeavouring to obtain scrap ration cans etc., in order to convert them into containers for cut tobacco and for cigarettes. Efforts are being made to ascertain whether a supply of these cans can be obtained.

The shortage of cigarette paper and cover stock will be somewhat eased by imports which are expected during the month of January, representing a supply for about three months. Meantime it may be possible to start the manufacture of cigarette paper at the plant of the Cartiere Meridionali of Ischia del Liri, provided the necessary chemicals are made available.

5. General

This section has collaborated with the Press Section in the preparation of a booklet entitled "A Guide to Controlled Substance Materials" which, it is hoped, will be issued in January.

RELEASES SECTION

1. December was a month of handing over to the Ministry of Industry, Commerce and Labour, the work of freeing, releasing and preparation of availability reports of Controlled Materials, work hitherto channelled through this Section. It has also been a period of coaching the Ministry personnel concerned to ensure that the requisite supplementary instructions, as the need arose, were issued by the Ministry to the Uffici Provinciali dell'Industria e del Commercio on the one hand and by this H.Q., to the A.C./A.M.G. organisations concerned, on the other, in order to ensure continuity of the system as and when Uffici Provinciali dell'Industria e del Commercio became reactivated. At the same time it was recommended to A.M.G./A.P.M.V. areas that it would be generally advantageous were these Uffici Provinciali reactivated there as soon as practicable, a recommendation which has been favourably received.

2. Availability reports and demands for Controlled Materials duly reached this Section in time for presentation at the next meeting of the Engineering Materials Committee, to be held on the 2 January, 1945. Thus a start has been made pursuant to the agreement reached between A.C. and the Ministero dell'Industria, Commercio e Lavoro and an atmosphere of mutual confidence is being created by such factors as the invitation extended by the Ministero to representatives of this Sub-Committee to attend the Inter-Ministerial Meetings when dealing with the question of controlled materials, and the liaison of the Italian personnel of this Section within the Ministry, as well as by the personnel contacts main-

...of cigarette paper and cover stock will be somewhat eased by imports which are expected during the month of January, representing a supply for about three months. Moreover it may be possible to start the manufacture of cigarette paper at the plant of the Cartiere Meridionali of Isola del Liri, provided the necessary chemicals are made available.

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3. There is evidence of more consideration being given by A.C. to clarify the civilian needs for Controlled Materials and with a view to accelerating the whole system of channelling these civilian demands and accelerating releases, a booklet is in course of preparation which, it is hoped, will be distributed to all concerned during the course of the coming month.

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SPECIAL MATERIALS SECTION1. Newsprint

A. In accordance with previous notice from ANHQ arrival of imported newsprint was at a bare minimum for the month - in total 29 tons. It is expected and hoped that the deficiency will be made up in the month of January as present stocks will only cover requirements until February 1.

B. The necessary steps to transfer the control of newsprint stocks to the Italian Press Commission were taken by this office. However, the Italians found it impossible to find the necessary warehouses to put the plan into operation on January 1st as the ANHQ Memorandum No. 50 stipulated and by mutual agreement the present system of distribution continues until such date as the Press Commission is ready (it is hoped January 15).

C. The following schedule of allocation of newsprint stocks which are available monthly was set up by this office and ratified by the Allied Publications Board:

Available to the Italian Government:

Local production	330 tons
Imported stocks to be allocated by A.C.	300 "
Total	630 tons

Available for Allied (PWE) Needs:

Imported stocks for PWE papers actually operating in Government Italy and papers in AC/AMG area	350 tons
Imported stocks to be stockpiled for use in Northern areas when liberated	350 "
Total	700 tons

D. The conditions in the local paper industry continued to be chaotic although the shortage of waste paper for the Cartiere Libertino was temporarily relieved by the procurement of damaged paper stocks by this office from salvage depots.

E. A report was submitted to the Economic Section accompanied by recommendations from A.F.B. describing the chaos in the paper industry. It was suggested that the Ente Nazionale per la Cellulosa e per la Carta be given the necessary authority to thoroughly investigate the industry and consumers needs and a committee be formed with representatives from A.C. to draw up a plan of necessary action.

2. Clothing, Shoes, and Textiles

the Italians found it impossible to find the necessary warehouses to put the plan into operation on January 1st as the AFHQ Memorandum No. 50 stipulated and by mutual agreement the present system of distribution continues until such date as the Press Commission is ready (it is hoped January 15).

C. The following schedule of allocation of newsprint stocks which are available monthly was set up by this office and ratified by the Allied Publications Board:

Available to the Italian Government:	
Local production	380 tons
Imported stocks to be allocated by A.C.	300 "
Total	<u>680 tons</u>

Available for Allies (FEB) Needs:

Imported stocks for FEB papers actually operating in Government Italy (all papers in AC/AMG area)	350 tons
Imported stocks to be stockpiled for use in Northern areas when liberated	350 "
Total	<u>700 tons</u>

D. The conditions in the local paper industry continued to be chaotic although the shortage of waste paper for the Cartiere Tibratine was temporarily relieved by the procurement of damaged paper stocks by this office from salvage depots.

E. A report was submitted to the Economic Section accompanied by recommendations from A.P.T. describing the chaos in the paper industry. It was suggested that the Ente Nazionale per la Cellulosa e per la Carta be given the necessary authority to thoroughly investigate the industry and consumers needs and a committee be formed with representatives from A.C. to draw up a plan of necessary action.

2. Clothing, Shoes, and Textiles

A. On December 1, the Ufficio Provinciale del Commercio e dell'Industria of Naples assumed supervision of the repair of salvaged army boots in Southern Region. Availability schedules will continue to be submitted to this office and allocation will be made by the Clothing Disposal Committee of A.C.

B. It was hoped that the same Ufficio would also assume the supervision of the processes of repairing and dyeing of salvaged army clothing. However, by the middle of the month it was apparent that the Italian authorities were unable to do so due to a lack of warehouses, transport, etc.

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C. Consequently Commerce Sub-Commission was authorized to set up a complete organization using A.S.M. funds for the reprocessing of clothing in Southern Region. The following steps have been taken:

Six factories for repairing clothing have been placed in operation under contract.

Contracts for dyeing have been placed with M.C.M. and Bernari.

Eight warehouses have been requisitioned.

Supplies of dye, thread, needles and pins have been obtained.

Production starting at 2,000 garments a day has already been increased (this includes bathdress, trousers, drawers, gloves, socks, etc.).

D. Further steps are being taken to expand production possibly in other cities like Rome with a view to absorbing the back-log of garments available and putting the organization in a position to process all future availabilities immediately upon assignment to A.C.

E. There has been no allocation of repaired clothing as this Sub-Commission is awaiting the first availability list at which time the Clothing Disposal Committee will be appointed.

FOREIGN TRADE SECTION

1. Export Shipments

Shipments effected for export during December were as follows:

Lemons	6,640	tons
Oranges, etc.	229	"
Wine	430	"
Sulphur	475	"
Broad Bean Seeds	426	"
Argols	142	"
Chestnut strips	30	"
Silk and struss	194	"
Vegetable Seeds	44	"

	6,445	tons.

This represents a value of 65½ million lire.

2. Goods Awaiting Shipment

Goods awaiting shipment at ports at the end of the month were as follows:

Sulphur	5,638	tons
Other goods	705	"

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D. Further steps are being taken to expand production possibly in other cities like Rome with a view to absorbing the back-log of garments available and putting the organization in a position to process all future availabilities immediately upon assignment to A.C.

E. There has been no allocation of repaired clothing as this Sub-Commission is awaiting the first availability list at which time the Clothing Disposal Committee will be appointed.

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Shipments effected for export during December were as follows:

Lemons	6,640	tons
Oranges, etc.	229	"
Wine	430	"
Sulphur	475	"
Broad Bean Seeds	425	"
Argols	142	"
Chestnut strips	38	"
Silk and strusa	192	"
Vegetable Seeds	45	"

	6,445	tons.

This represents a value of 652 million Lire.

2. Goods Awaiting Shipment

Goods awaiting shipment at ports at the end of the month were as follows:

Sulphur	5,688	tons
Citric Acid	700	"
Wine Lees	991	"
Chestnut	500	"
Wine	300	"
Hemp	285	"
Argols	115	"
Cassiterite	144	"
Chestnut Strips	120	"
Block Talc	50	"
Tartaric Acid	40	"
Vegetable Seeds	20	"
Mustard Seed	2	"

	6,753	tons.

1501

Of the above, 4,459 tons (comprising 3,000 tons Sulphur, 538 tons Wine Lees, 206 tons Wine, 1,471 tons Hemp, 151 tons Vegetable Seeds and 2 tons Mustard Seed) have since been shipped. A further 3,864 tons Lemons have also gone.

3. Goods called forward for export

The following goods should arrive at ports for shipment during January:

Nuts	620	tons
Broad Bean Seeds	445	"
Hemp	460	"
Wine Lees	430	"
Argols	160	"
Salt	150	"
Mercury	159	"
Citrus Peel in brine	160	"
Wine	100	"
Brierwood	90	"
Block Calc	40	"
	<u>2,873</u>	<u>tons.</u>

4. The shipping situation still remains difficult and many of the goods awaiting shipment from the mainland to USA and UK have been at the ports for some time, in spite of constant pressing for steamers.

5. Commodities

(a) Citrus Fruits:

13,312 tons of lemons have now been shipped to U.K. during this season. Authorization was given to Export Division in Sicily to make new contracts at the increased price of 250 lire per box, but nevertheless purchases have been necessarily suspended owing to the fantastic proposed increase in sea freight rates on timber, which are calculated to put up the cost of the empty lemon box from 55 lire to 140 lire. This matter is under consideration with the Ministero dell'Industria, del Commercio e del Lavoro and the Ministero dell'Interno.

(b) Timed Forwardings:

Mr. Voon of the Ministry of Food, London, has made a visit and surveyed the trade coming and export prospects. As a result of a meeting between interested Sub-Commissions held since the end of the month, it was decided that no forward export programme could be authorized at present owing to short supplies of fertilizer, lack of transport and prospective local requirements

"	440
"	460
"	400
"	160
"	150
"	150
"	160
"	160
"	90
"	40

2,873 tons.

4. The shipping situation still remains difficult and many of the goods awaiting shipment from the mainland to USA and UK have been at the ports for some time, in spite of constant pressing for steamers.

5. Commodities

(a) Citrus Fruits:

13,319 tons of lemons have now been shipped to U.K. during this season. Authorization was given to Export Division in Sicily to make new contracts at the increased price of 250 lire per box, but nevertheless purchases have been necessarily suspended owing to the fantastic proposed increase in sea freight rates on timber, which are calculated to put up the cost of the empty lanch box from 55 lire to 114 lire. This matter is under consideration with the Ministero dell'Industria, del Commercio e del Lavoro and the Ministero della Marina.

(b) Timed Tomatoes:

Mr. Horn of the Ministry of Food, London, has made a visit and surveyed the tomato growing and export prospects. As a result of a meeting between interested Sub-Commissions held since the end of the month, it was decided that no forward export programme could be authorized at present owing to short supplies of fertilizer, lack of transport and prospective local requirements of tomato products.

(c) Sulphur:

Difficulty in moving mainland stocks has greatly affected the chances of exporting sulphur to any extent during the first half of 1945. The total availability for export is now estimated at 10,000 tons (of which 4,500 tons have been allocated to Southern France) against total Mediterranean requirements, excluding Italy, of about 23,000 tons.

6242

(d) Silk:

During December - March 1944, the region was visited by Major Robertson. 12,000 hanks of dried cocoon had been amassed at Ancona at 600 Lire per kilo, but a new prefectorial decret has now been prepared and approved by the P.C. and by the Prefect decreasing the price to 300 Lire. The Director of the Consorzio Agrario believes it possible to raise a further 20,000 kilos at that price. At least 6 filatures were found in good working conditions and could commence production immediately. 2,100 kilos were recovered from the silk stolen at Naples in October 1944. Several meetings were held with the Ministry of Agriculture, Ministry of Industry, Commerce and Labour and the I.C.I. with a view to re-establishing an Ente Serico and handing over to an Italian organization the task of supervising silk production. Much progress has been made and several new meetings are planned during January to establish prices for cocoons, reeling commission and raw silk for the 1945 season. Mr. Graham from the Ministry of Supply, London, is now at this H.Q.

(e) Cork:

352,000 corks for fishing nets were bought in Sardegna and are now in the process of being cut. The corks are intended for Balkan fishing industries.

(f) Snuff Tobacco:

4 tons of this material are required in U.S. and will be bought if suitable containers can be found.

(g) Tartarics:

Prices for Arrels and Wine Lees have reached a level which the USA is not prepared to pay. The decision of the U.K. is still awaited.

(h) Essential Oils:

Estimated availabilities for 1945 have been submitted to Buyers overseas and it is hoped that orders will soon be received.

(i) Wine:

Shipments to USA have temporarily ceased but arrangements are being made to send increased quantities to U.S.

(j) Artisan Products:

The Tuscan cotton and brick export industries have of their own initiative formed an organization which has presented, at present, a full commercial samples fully documented. Offers

held with the Ministry of Agriculture, Ministry of Industry, Commerce and Labour and the I.C.B. with a view to re-establishing an Ente Serice and handing over to an Italian organization the task of supervising silk production. Much progress has been made and several new meetings are planned during January to establish prices for cocoons, reeling commission and raw silk for the 1945 season. Mr. Gadium from the Ministry of Supply, London, is now at this H.Q.

(a) Cork:

322,000 corks for fishing nets were bought in Sardegna and are now in the process of being cut. The corks are intended for Balkan fishing industries.

(f) Snuff Tobacco:

4 tons of this material are required in U.S. and will be bought if suitable containers can be found.

(g) Tartarics:

Prices for tartaric and wine lees have reached a level which the USA is not prepared to pay. The decision of the U.K. is still awaited.

(h) Essential Oils:

Estimated requirements for 1945 have been submitted to Payers overseas and it is hoped that orders will soon be received.

(i) Wine:

Shipments to USA have temporarily ceased but arrangements are being made to send increased quantities to U.K.

(j) Artisan Products:

The Russian straw and bread export industries have of their own initiative formed an organization which has presented, at our request, a full range of samples fully documented. Offers have been made to supply for forwarding to the U.S. and U.K. The value of their offers exceeds 40 million lire. Major Garrett is to visit Ancona in order to examine the accretion position, in which U.S. in particular are interested.

(k) General:

Prices continue to rise and difficulty is being experienced in many cases in getting the ideas of Payers and Sellers to coincide. Total exports from Italy have now passed the 1 milliard Lire mark since allied occupation.

6. Trade with Malta

Exports to Malta are arranged directly between AG and the Government of Malta. Special release of nuts was made by Food Subcommission but unfortunately it was not possible to ship in time for Christmas. In addition to the export programme already agreed, further requests for Bramwood, Vegetable Seeds and Coarse Salt have been received. A private enquiry for asphalt has been re-directed through the proper channel.

POL SECTION

1. Further progress has been made in handing over control of POL allocations in Southern Italy to the Italian Government and Sardinia and certain difficulties and transfers have been made including a modification of the formula used. No major difficulties have arisen in Italian Government Territory.
2. Considerable correspondence has taken place, particularly with Marche-Anruzzi Region, as a result of which additional supplies have been made available for automotive purposes, so averting difficulties arising from abnormally high consumption of their Truck Pools.
3. Further progress is being made in controlling vehicle and particularly passenger transport circulation in Rome and a police drive is being organised to clean up abuses. Regular passenger carrying vehicles operating on fixed schedules under A.S.T.C. (Rome Bus Company) will be operating in a few days.
4. Considerable misgiving is felt as to the effects of the introduction of S.M.A.C. and particularly to the present lack of control of load hauling vehicles owing to its having been handed over to the Italian Government before S.M.A.C. was in a position to start operating. S.M.A.C. are apparently issuing Circulation Permits broadcast to say and all road hauling trucks on instructions from the Ministry of Communications.

GENERAL

1. The following changes in personnel of the Subcommission took place during the month.
2. Major E. R. Green was transferred to Supply and Resources Division, Economic Section, and his place in Availability Section of this Subcommission was filled by S/Lt. G. W. Mackenzie.
3. Capt. J. R. Cowlin was assigned to the Subcommission, and took up his duties as Assistant POL Officer.
4. Capt. G. A. B. Redden was transferred to the Subcommission, and took up his duties as Assistant POL Officer.

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4. Considerable misgiving is felt as to the effects of the introduction of E.N.A.C. and particularly as to the present lack of control of load hauling vehicles owing to its having been handed over to the Italian Government before E.N.A.C. was in a position to start operating. E.N.A.C. are apparently issuing Circulation Permits broadcast to any and all road hauling Trucks on instructions from the Ministry of Communications.

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3. Capt. J. A. Cowlin was assigned to the Subcommission, and took up his duties as Assistant POL Officer.
4. Capt. G. ... R. Kethley was assigned to the Subcommission, and commenced work with the Foreign Trade Section.

W. P. SMITH
Colonel
Director
General Sub-Commission

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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION

JG/rm

Ref. AC/5130/Commeroc

12 December 1944

14 DEC 1944

MONTHLY REPORT, NOVEMBER 1944.

MATERIALS DIVISION

1. Availability of Materials:

A new list of Controlled, Restricted, and Italian Government-Controlled materials was compiled and sent out to all interested parties. The list of materials controlled by AFIRS has been reduced from fifty items to thirty-five. In forwarding this list to the Ministry of Industry, Commerce and Labour, it was suggested that the Italian Government might wish to place on their controlled list some of the items taken off the AFIRS list. So far, nothing definite has been advised by the ministry to this Subcommission on this point.

Enquiries made during the month both for AMO/AC and for AFIRS are detailed below:-

AMO...AC...Enquiries

- 75 Nickel salt for electro plating
- 76 Windows for offices
- 77 Fat for tallow
- 78 Washing soda
- 79 Cable traction & safety cable
- 80 3 batteries of 120 volts
- 81 Guillotine blades
- 82 Blitz glass

L. R. S. Enquiries

- 253 Sulphur precipitate or Mills of Sulphur
- 254 2 Tons of Acetone
- 255 3/4 in. Steel wire rope
- 256 Sheet glass
- 259 3 Tons raw rubber
- 5 " resin for emulsifying bitumen
- 260 500 Tons cast iron scrap
- 200 " pig iron
- 261 3 well heater type No. 3
- 3 Mouth-piece heater type 3

Principal availabilities submitted to AFIRS during the month included the following:-

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Inquiries made during the month both for AMG/AC and for AFERS are detailed below:-

AMG/AC, Enquiries

75	Nickel salt for electro plating	Not available
76	Windows for offices	Available
77	Fat for tallow	Not available
78	Washing soda	" "
79	Cable traction & safety cable	" "
80	3 batteries of 120 volts	Available
81	Guillotine blades	Not completed
82	Blitz glass	Available

I. R. S. Enquiries

253	Sulphur Precipitate or Mills of Sulphur	Available
254	2 Tons of Acetone	Not completed
255	1/8 in. Steel wire rope	"
256	Sheet glass	Available
259	3 Tons raw rubber	Not available
	5 " resin for emulsifying bitumen	Available
260	600 Tons cast iron scrap	"
	200 " pig iron	"
261	3 well heater type No. 3	Not completed
	3 Mouth-piece Heater type 3	"

Principal availabilities submitted to AFERS during the month included the following:-

AVAILABILITIES November 1944

Steel	5311.1	Tons
Pig-iron	394.3	"
Hot-iron	629.0	"
Iron	284.4	"
Copper	8.1	"
Caustic soda	5.2	"
Tin	0.4	"
Zinc	4.0	"
Lead	3.6	"
Brass	22.6	"

R. P. F.
1493

2. Requirements & Releases:

With the Italian Ministry of Industry, Commerce and Laboratories undertaking to furnish the returns of availability of controlled materials and the blocking and releasing of same as from the 1st November 1944 (in accordance with the terms of this Subcommission's letter attached as Appendix B to October Monthly Report), a considerable amount of time during November has been devoted by this branch of Materials Division to conferences with Ministry officials and the preparation and distribution to those concerned of the necessary directives, with a view to easing the inevitable growing pains of the new system.

The whole matter of control and release of materials in general demand for the reconstruction of Italy's industrial and economic structure and including, in some instances, the priority requirements of the Allied Armed Forces, is manifestly a very complex one, but it is already apparent that the original directive (referred to as Appendix B in para. above) was fundamentally sound under the circumstances. This opinion is supported by the evidence reaching this Subcommission of the apparent smoothness of the switch-over from A.C. to Ministry control in the Provinces.

As a matter of record and interest appendix A gives in Graph form, in percentages, the amounts of controlled materials released against total ACC/AMC/AO demands. In Appendix B is given the percentage of release against total declared availability, excluding wire and cables, cement, leather belting, chemical gases, and lamp socks.

3. Special Materials:

(1) NEWSPRINT

A. The arrivals of imported newsprint have been very few with a total quantity amounting to approximately 62 tons. However, large stocks were on hand and no serious difficulty ensued.

B. The control of the paper industry was turned over by the Industry Subcommission to the Italian Government on 15 November and with dire results from the point of view of the distribution of newsprint. Newsprint was closed down for lack of lignite, meaning a loss of 180 tons per month of newsprint and Turbina may be forced to shut down in the near future for lack of waste paper. The condition of the paper industry can hardly be termed good, and definite steps must be taken soon to remedy the situation.

C. A.F.H.Q. approved the requisition of 1000 tons per month of newsprint for the first six months of 1945 and it was forwarded to Washington.

D. A.F.H.Q. under the terms of Memorandum No. 50 of 25 November has approved a plan of A.F.S. to turn the control of the press over to the Italian Press Commission. The necessary steps to implement this

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As a matter of record and interest appendix A gives in graph form, in percentages, the requests of controlled materials released against total ACC/ANC/AG demands. In Appendix B is given the percentage of releases against total declared availability, excluding wire and cables, cement, leather belting, animal gases, and hemp sacks.

3. Special Materials:

(1) NEWSPRINT

A. The arrivals of imported newsprint have been very few with a total quantity amounting to approximately 62 tons. However, large stocks were on hand and no serious difficulty ensued.

B. The control of the paper industry was turned over by the Industry Subcommittee to the Italian Government on 15 November and with dire results from the point of view of the distribution of newsprint. Montecatini Mill closed down for lack of lignite, meaning a loss of 180 tons per month of newsprint and Taburina may be forced to shut down in the near future for lack of waste paper. The condition of the paper industry can hardly be termed good, and definite steps must be taken soon to remedy the situation.

C. A.F.H.Q. approved the requisition of 1000 tons per month of newsprint for the first six months of 1945 and it was forwarded to Washington.

D. A.F.H.Q. under the terms of Memorandum No. 50 of 25 November has approved a plan of A.F.B. to turn the control of the press over to the Italian Press Commission. The necessary steps to implement this memorandum in regards the distribution of newsprint are being taken by this office.

(2) TEXTILES - SHOES AND CLOTHING

A. Most of the activity in this field was confined to the negotiations taking place with a view to turning over the repairing of the salvaged items to the Italian Government and creating a consistent policy for distribution of completed articles.

B. Under directions from this Headquarters, Southern Region, Commerce Sub-Section, made the necessary arrangements for the transfer of the shoe repairing and clothing repairing and dyeing contracts to the

Ufficio Provinciale del Commercio e dell'Industria di Napoli. This was carried out and was made effective 1 December.

C. A great deal of discussion took place during the month on the question of distribution and the policy in regards the same. It was very closely tied in with the question of salvage due to the fact that AFHQ had informed AC that all salvage items from the Allied armies would be offered to AC prior to formation of any other disposal policy.

D. Clothing and shoes came to AC via MIA and at present there are large stocks awaiting disposition. These are to be transferred to the Italian Government for repair.

E. Distribution will take place under the supervision of the Commerce Subcommission according to a policy laid down by a committee composed of representatives of all Subcommissions and agencies interested in clothing for distribution to the destitute.

(3) DISTRIBUTION OF REPAIRED SHOES -

Labor Branch HQ A.A.I.	3,000
R. Guardia Finanza	600
17th Gen. Hospital	66
Municipio di Portici	133
Military Railway Service	1,500
R. Guardia Salerno	419
Supply Officer 6729th Am. Pln.	250
8th Evac. Hospital	66
R. Marine	318
R. Questura di Napoli	1,000
A. C. Region III	75
Co. 705th Engr. Det. Dist. Co.	350
Food Subcommission HQ - AC	144
Public Works & Utilities Section	1,000
900th Eng. Forestry Co.	600
262nd Station Hospital	70
Civilian Personnel Officer 103	92
Miscellaneous (quantities under 50)	276
Total	10,179

(4) DISTRIBUTION OF REPAIRED CLOTHING -

	Shirts	Trousers	Coats
17th General Hospital	66	66	66
Supply Officer 6729th	250	250	250
Guardia Forestale	200	200	200
8th Evac. Hospital	66	66	66
Co. 705th Engr.	300	300	300
	600	600	600
Total	2,000	2,000	2,000

35

2. Clothing and shoes come to AC via IIII and at present there are large stocks awaiting disposition. These are to be transferred to the Italian Government for repair.

E. Distribution will take place under the supervision of the Commerce Subcommission according to a policy laid down by a committee composed of representatives of all Subcommissions and agencies interested in clothing for distribution to the destitute.

(3) DISTRIBUTION OF REPAIRED SHOES

Labour Branch HQ A.A.I.	3,000
R. Guardia Finanza	500
17th Gen. Hospital	66
Municipio di Portici	133
Military Railway Service	1,500
R. Guardia Salerno	419
Supply Officer 6729th Adm. Fltn.	250
8th Evac. Hospital	86
R. Marine	318
R. Questura di Napoli	1,000
A. C. Region III	75
Co. 705th Engr. Bat. Dist. Co.	350
Food Subcommission HQ - AC	144
Public Works & Utilities Section	1,000
800th Eng. Moresby Co.	500
262nd Station Hospital	70
Civilian Personnel Officer 103	92
Miscellaneous (quantities under 50)	276

Total 10,179

(4) DISTRIBUTION OF REPAIRED CLOTHING

	Blouses	Trousers	Greatcoats
17th General Hospital	66	66	=
Supply Officer 6729th	250	250	=
Guardie Forestali	200	200	=
8th Evac. Hospital	56	86	=
Co. 705th Engr.	350	350	=
94th Evac. Hospital	850	850	=
Public Works & Utilities Sect.	2,000	2,000	=
Food Subcommission - HQ A.C.	144	144	=
Civilian Personnel Officer	172	172	=
800th Eng. Forestry Co.	200	200	=
R. E. Schincke	99	99	=
O.C. 542 (A.R.) E.S.M. Co.	50	50	=
Co. 32nd General Hospital	70	70	=
262 Station Hospital	70	70	=
375 i.e. Serv. Co. Eng.	96	112	=
Miscellaneous (quantities under 50)	366	365	= 28

5,091 5,094 14,908

4. General(1) Net Import Requirements on special items:

A. The Commerce Subcommission was assigned the mission of obtaining net import requirements for these commodities: clothing, shoes, textiles, matches, paper including newsprint, sacks, candles, materials for the functioning of State Monopolies and the manufacture of cigarettes, materials to implement an export program.

B. These net import requirements were to include the finished consumer goods and/or raw materials for their production, where production capacity exists in Italy.

B. Period of need, first six months of 1945.

C. Area covered: (1) South of Pisa-Rimini line (23,000,000 population), (2) North of this line (22,000,000 population).

D. Italian government Ministry of Industry, Commerce and Labour, both Consumer Goods and Industry Division, was to supply basic information.

E. As per 4 d above, the Consumers Goods Division supplied requirements for shoes, clothing, and part of paper, in terms of unit needs on a population basis. At some future time when the Ufficio Provinciale del Commercio and Industria were well organized, provincial requirements would be obtained directly from local sources. At the same time, the net census would provide basic information to assist in the determination of minimum needs.

F. Match and monopoly requirements were obtained from the Match and Tobacco Monopoly directors.

G. The correlation of these broad estimates against ACC estimates and requisitions has necessitated the establishment of criteria to produce final net import figures that have true justification and which will be received with favour, as contrasted with theoretical estimates.

H. The Italian Government agencies have not been in position to move ahead very rapidly, in spite of our continued advice and pressure. With the Government in a state of transition, delays have occurred.

(2) Organization for Economic and Supply Operations:

The type of organization for economic and supply operations in the AMG Regions and Provinces has required clarification, as per requests of several Regional Commissioners.

A. Up to the present Economics and Supply Officers of Regions and the Provincial Supply Officers were designated as "Food" officers solely, leaving P.C.L., coal, and other non-subsistence materials without assignment.

B. It has been recommended that non-subsistence consumer goods, such

... goods and/or raw materials for their production, where production capacity exists in Italy.

b. Period of need, first six months of 1945.

c. Area covered: (1) South of Pisa-Rimini line (23,000,000 population), (2) North of this line (22,000,000 population).

d. Italian Government Ministry of Industry, Commerce and Labour, both Consumer Goods and Industry Division, was to supply basic information.

B. As per 1 d above, the Consumers Goods Division supplied requirements for shoes, clothing, and part of paper, in terms of unit needs on a population basis. At some future time when the Ufficio Provinciali del Commercio and Industria were well organized, provincial requirements would be obtained directly from local sources. At the same time, the new census would provide basic information to assist in the determination of minimum needs.

C. Match and monopoly requirements were obtained from the Match and Tobacco Monopoly directors.

D. The correlation of these broad estimates against ACC estimates and requisitions has necessitated the establishment of criteria to produce final net import figures that have true justification and which will be received with favour, as contrasted with theoretical estimates.

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(2) Organization for Economic and Supply Operations:

The type of organization for economic and supply operations in the AMG Regions and Provinces has required clarification, as per requests of several Regional Commissioners.

A. Up to the present Economics and Supply Officers of Regions and the Provincial Supply Officers were designated as "Food" officers solely, leaving F.O.L., coal, and other non-subsistence materials without assignment.

B. It has been recommended that non-subsistence consumer goods, such as P.O.L., clothing, shoes, etc., be placed under the Commerce Officer, within the Regional group of specialist officers handling economic and supply operations, all coordinated by an Economics and Supply Officer.

C. It was also recommended that the functions of the Provincial Supply Officer, especially in the populous industrial Regions of the North, be divided into two categories, according to whether they involved, subsistence (Food) or non-subsistence materials, each under a separate Provincial Officer.

(3) Matches:

The match situation has improved, insofar as our constant efforts to obtain power for the important SAVA plant at Iesi (an output 5,000,000 matches have been successful. The plant is working on a normal scale, and it is furnished

with all raw materials for at least 6 months.

The rehabilitation of the SUFFA Factory at Fuscochio, as well as the partial reconstruction of the Unione-plant at Putignano in Foggia, are being carried out. The first is expected to start its normal production of 4,500,000 matches per year within two months; the latter may start a reduced production within four months.

Sea transport to Sardegna is still causing difficulties. Freight rates are excessively high, their reduction is being studied by Transportation Subcommittee.

In Sicily the normal distribution of match rations has been rendered impossible by directives of the High Commissioner, which are in contrast with those issued by the Ministry of Finance and CIF. CIF has been requested to submit a relative report on the basis of which the Ministry of Finance will be contacted.

For the first time since the liberation of Central Italy it is possible to effect match transport from Iesi to Rome and to South Italy by rail, as a result of the progressing rehabilitation of Rail roads North of Rome.

(4) Tobacco:

The tobacco situation is bad in Sicily, because of the delays in sea transport from the mainland, which has to supply raw tobacco to the tobacco factories at Palermo and Catania. Efforts are being made in order to prevent the factories being obliged to stop manufacture.

The transport situation remains, in general, unsatisfactory because the State Monopoly has not sufficient trucks to effect movement of raw tobacco from the smaller growers to the warehouses. Supply of tobacco products to the smaller consumers also presents similar problems.

The rehabilitation of railroads North of Rome may bring an improvement in this respect.

(5) Alcohol:

In accordance with instructions from Public Health Subcommittee, 4,500,000 litres of Alcohol were ordered from Sicily, through Sicilia Region. The price agreed is 140 Lire per litre F.O.B. excluding cost of barrels.

ECI SECTION

In addition to routine work dealing with supplementary demands from Provinces, difficulties in transportation, and so on, the following have been dealt with by the Patrol Section:

Completion of handling over ECI allocations to Provinces in Sicily, Sar-

freight rates are excessively high, their reduction is being studied by Transportation Subcommissioner.

In Sicily the normal distribution of match rations has been rendered impossible by directives of the High Commissioner, which are in contrast with those issued by the Ministry of Finance and CEF. CEF has been requested to submit a relative report on the basis of which the Ministry of Finance will be contacted.

For the first time since the liberation of Central Italy it is possible to effect match transport from Lodi to Rome and to South Italy by rail, as a result of the progressing rehabilitation of Rail roads North of Rome.

(4) Tobacco:

The tobacco situation is bad in Sicily, because of the delays in sea transport from the mainland, which has to supply raw tobacco to the tobacco factories at Palermo and Catania. Efforts are being made in order to prevent the factories being obliged to stop manufacture.

The transport situation remains, in general, unsatisfactory because the State Monopoly has not sufficient trucks to effect movement of raw tobacco from the smaller growers to the warehouses. Supply of tobacco products to the smaller consumers also presents similar problems.

The rehabilitation of railroads North of Rome may bring an improvement in this respect.

(5) Alcohol:

In accordance with instructions from Public Health Subcommissioner 4,500,000 litres of Alcohol were ordered from Sicily, through Sicilia Region. The price agreed is 110 Lire per litre F.O.B. excluding cost of barrels.

POL SECTION

In addition to routine work dealing with supplementary demands from Provinces, difficulties in transportation, and so on, the following have been dealt with by the Petrol Section;

Completion of handing over POL allocations to Provinces in Sicily, Sardinia and Southern Italy to the Italians who receive a bulk allocation for each area. Some adjustments are now being made in these.

Arrangements have been made for the Italian Government to take over the printing of all POL Application forms, Circulation Permits, Petrol Coupons etc. At our suggestion a new type of petrol coupon giving greater flexibility along the lines of a cheque book is being introduced w.e.f. 1 January 1945, and all printing is in hand and nearly completed.

Improvements and greater standardization are also being introduced in Circulation Permits, including special types issued to Vatican, Diplomatic Corps, etc., and an attempt is being made to have their use restricted to all Civilian type vehicles, whether requisitioned or otherwise. If this can be done, some effective police action will be possible.

Conferences have been held with Petsoe, Public Safety Subcommission and Region IV with a view to controlling the Camionetti now being used for passenger carrying in Rome but licensed (if at all) for agricultural or industrial purposes. Region IV promised to bring them under control but requested suspension of the proposed police actions.

FOREIGN TRADE SECTION.

A. Export Shipments:

1) The following goods were exported during the month:

Lemons	166,062	cases (gross tonnage 6,109 tons) to U. K.
Sulphur	2,000	tons to North Africa
Argols	74	tons to U.K.
Willow Strips	62	tons to Malta
Wine	715	tons to Malte
Cork	19	sacks to Malta.
Plastic Chalk	5	tons to Malta
Citric Acid	5	tons to Malta.
Alcohol	10	tons to Malta
Lemons	14 $\frac{1}{2}$	tons to Malta.
Vegetable Seeds	4	tons to U.S.A.

Total value invoiced: Lire 57,009,559 excluding items marked with an asterisk.

2) Goods at ports awaiting shipment at the end of the month were:

Silk	6 $\frac{1}{2}$	tons	for U. K.
Hemp	206	"	" U. K.
Argols	245	"	" U. K. and U.S.A.
Wine Lees	901	"	" U. K. and Middle East
Citric Acid	540	"	" U. K. " U.S.A.
Wine	300	"	" U. K.
Cassiterite	111	"	" U.S.A.
Black Flie	14 $\frac{1}{2}$	"	" North Africa
Sulphur	6,165	"	" North Africa
Chestnut Strips	120	"	" Corsica
Cement	500	"	" North Africa and Corsica
Vegetable Seeds	5	"	"
Bread Beer Seeds	425	"	" Greece

of these 130 tons argols, 475 tons of Sulphur, 425 tons Bread Seeds and $\frac{1}{2}$ ton Vegetable Seeds have since been shipped.

3) The following should also arrive at ports for shipment during

December:	Argols	160 tons
		400 "

1) The following goods were exported during the month:

Lemons	166,062	cases (gross tonnage 6,109 tons) to U. K.
Sulphur	2,000	tons to North Africa
Argols	74	tons to U.K.
Willow Strips	62	tons to Malta
Wine	715	tons to Malta
Cork	19	cases to Malta
Plastic Chalk	5	tons to Malta
Citric Acid	8	tons to Malta
Alcohol	10	tons to Malta
Lemons	14 1/2	tons to Malta
Vegetable Seeds	4	tons to U.S.A.

Total value invoiced: lire 51,609,559 excluding items marked with an asterisk.

2) Goods at ports awaiting shipment at the end of the month were:

Silk	8 1/2	tons	for U. K.
Wine	205	"	U. K.
Argols	245	"	U. K. and U.S.A.
Wine Lees	904	"	U. K.
Citric Acid	540	"	U. K. and Middle East
Wine	300	"	U. K. " U.S.A.
Cassiterite	111	"	U. K.
Black Talc	14 1/2	"	U.S.A.
Sulphur	6,163	"	North Africa
Chestnut Strips	120	"	North Africa
Cement	500	"	Corsica
Vegetable Seeds	5	"	North Africa and Corsica
Broad Bean Seeds	423	"	Greece

of these 130 tons argols, 475 tons of Sulphur, 423 tons Broad Seeds and 1/2 ton Vegetable Seeds have since been shipped.

3) The following should also arrive at ports for shipment during

December:

Argols	160	tons
Wine Lees	400	"
Citrus Peel in Brine	1,920	"
Birchwood	90	"
Mercury	150	"
Black Talc	75	"
Wine	100	"
Vegetable Seeds	47 1/2	"
Sulphur	1,000	"
Lemons	20,000	"

A quantity of Cork for fishing nets is also being procured in Sardinia for the Ballerini.

4) Stocks of Vegetable Seeds amount to 118½ tons for liberated areas, 22 tons are to be shipped to the Balkans, but a further 25½ tons have to be purchased to complete Balkan requirements. A small quantity of Tobacco and Flower Seeds were sent during the month by air to Tripoli.

5) It will be noticed that the tonnage shipped during the month is small compared with the amount awaiting shipment. Space is being strongly pressed for in order to relieve warehouses, but so far steamers have been allotted only for the 6,463 tons Sulphur and 500 tons Cement, leaving 2,490 tons of goods at the ports for which no shipping space has as yet been provided.

B. Silk

1) The Silk Industry in Calabria and Sicily is now running satisfactorily, the monthly production amounting to 4 to 5 tons of raw silk. Imported cocoons have been distributed between four Filatures in Reggio Province and the three in Messina Province. The Filature at Cassi Grove near Casserte and the two at Casenza are still working in the 1944 locally produced cocoons. It is calculated that there are sufficient cocoons to keep the above Filatures working to about the end of January 1945. Reports are being made to provide further supplies as it would be very unfortunate if the Filatures had to close down again now that they are working satisfactorily.

2) Some of the silk produced has given disappointing results in the tests carried out in U.K., but generally speaking the standard has been satisfactory. Immediate pressure has been brought to bear on the Filatures producing below standard. The industry is running quite smoothly with practically no supervision from allied personnel, and after the experience gained in the South it should be possible to get at least equally good results in Central Italy. There are also signs of a revival in interest in silk worm cultivation, and if the services made by the various organisations concerned are carried out, next year's crop may prove to be a good one.

3) A brief survey of the silk industry in Marche Region has been made during the month by Maj. Garrett, who reports some stocks of cocoons and certain filatures in working condition. The urgent need is for propaganda work by means of personal contact with the interested agricultural and industrial elements, in order that cocoons and silk may be obtained at economic prices. Arrangements are therefore being made for Major Robertson to devote his principal attention to Central Italy.

C. Citrus Fruits

The first three lemon ships of the season, the S.S. "Hardingham", S.S. "Citrings" and S.S. "Miguel the Lorraine", were loaded during the month, and from all reports the quality of goods shipped was excellent. Export Division in Sicily have been handicapped by lack of warehousing space, but have made successful improvisations to enable rapid loading of ships. Most favourable currents on the north of the I.O.E. fruit inspectors has been received. Agreement has still to be reached on the price of Major oranges, of which 4,000 tons are required for the Ministry of Food, London.

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D. Packing Materials - Lumber

During the period 25 October to 21 November 2,834 tons of timber were transferred from Calabria to Sicily for lemon box making. In addition 80 tons of box shooks (approx. 50,000) were supplied. It is reported that some of the timber procured for lemon box making is being used for making crates for the Army. The serious situation with regard to railway wagons in Sicily and Calabria has reached a dangerous condition of the lemon export program, as less than 10% of weekly requirements was in fact being allocated at one period during the month.

E. Malta

A provisional six month program of exports to Malta has been authorized. This total des 150 tons of citrus fruits weekly, 400 tons of chestnuts,

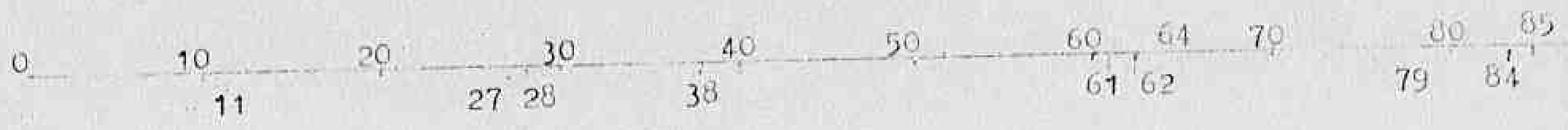
- 8 -

220 tons of other units, 500 tons of cottonseed, 3,000 tons of wine and 100 tons of alcohol. It is hoped that this trade will in future be controlled more satisfactorily than in the past.

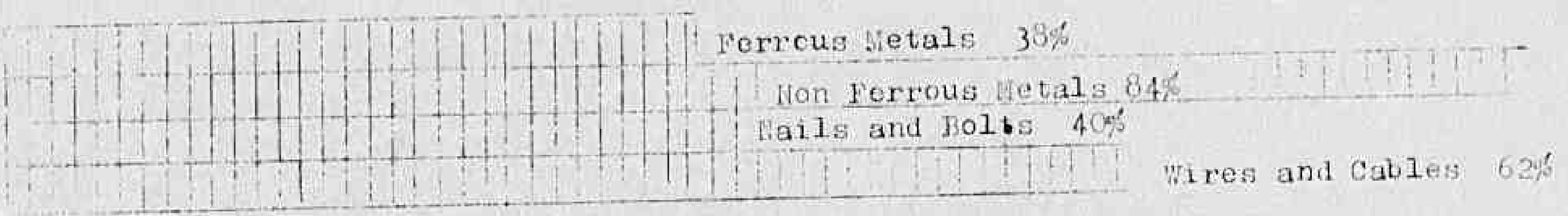
W. F. EVANS
Colonel
Director
Commerce Subcommission

2 Encls:
Appendices "A" and "B"

32



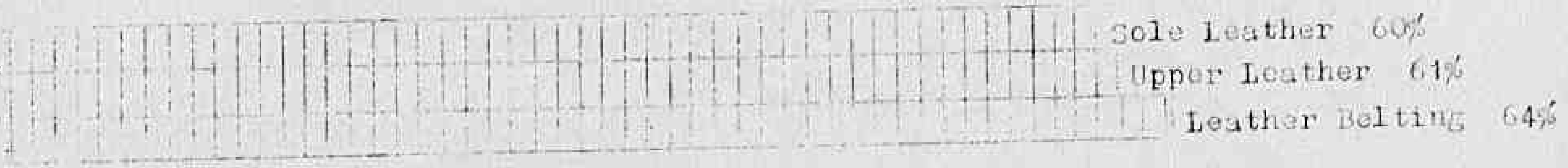
Metals



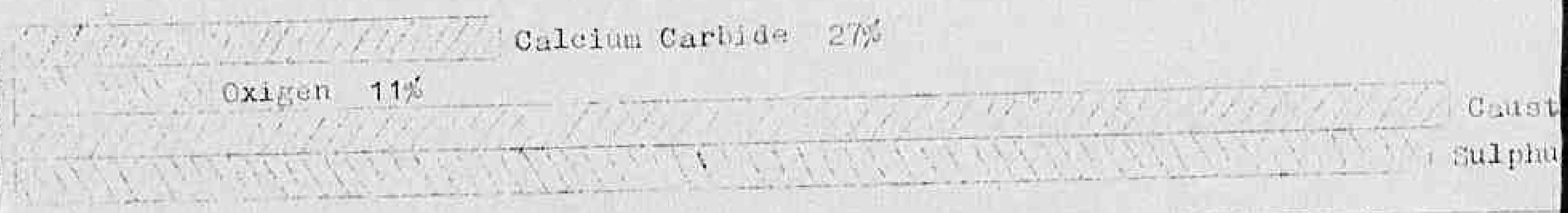
Cement



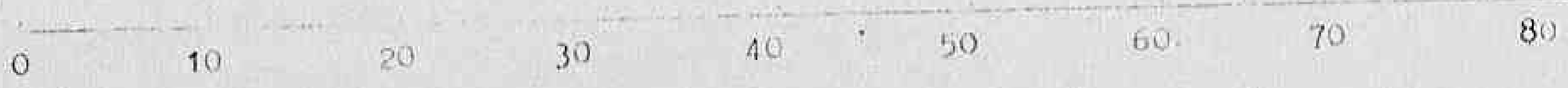
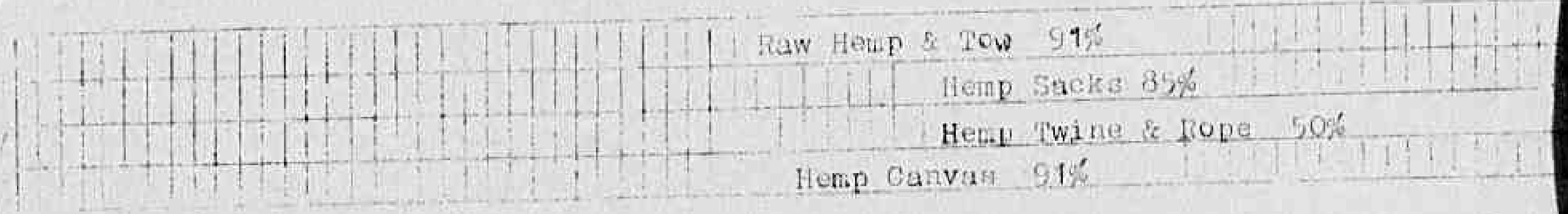
Leather



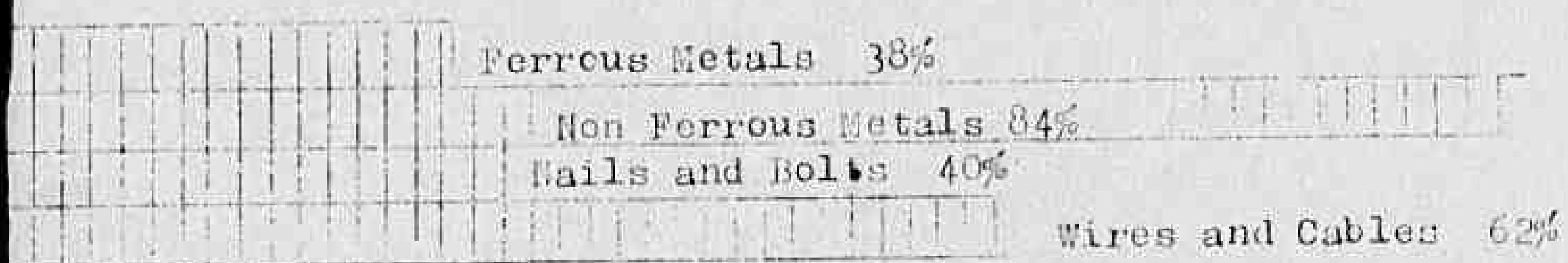
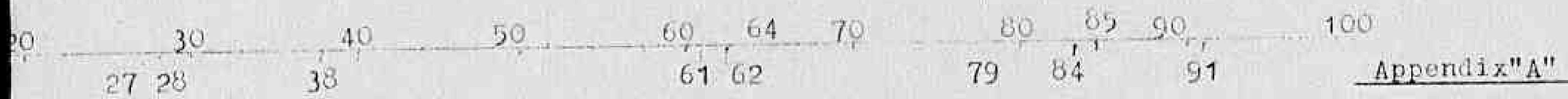
Chemical Products



Hemp

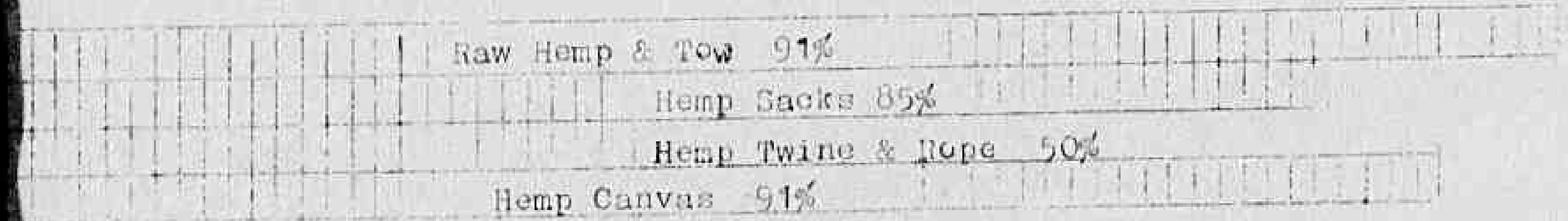
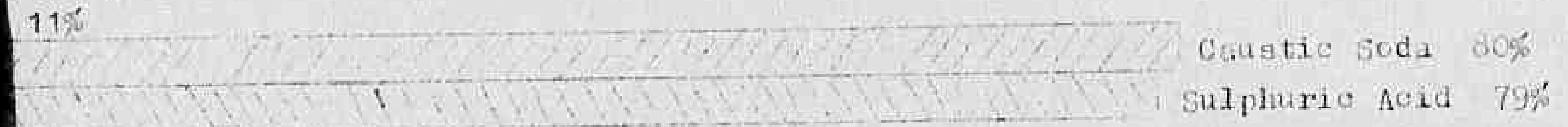
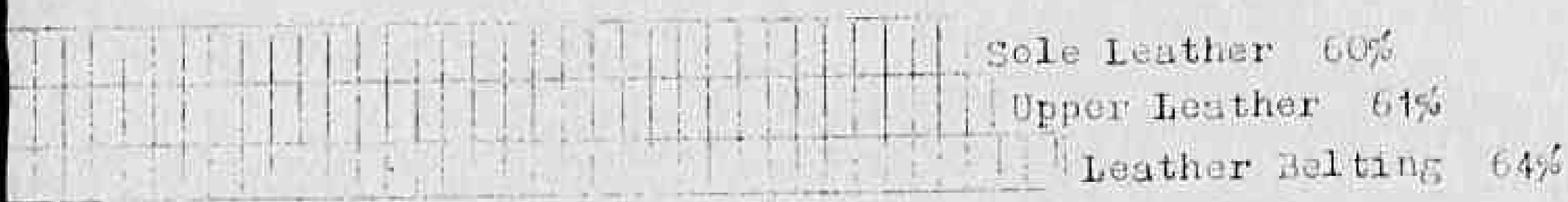


Declassified E.O. 12356 Section 3.3/NND No. 785017



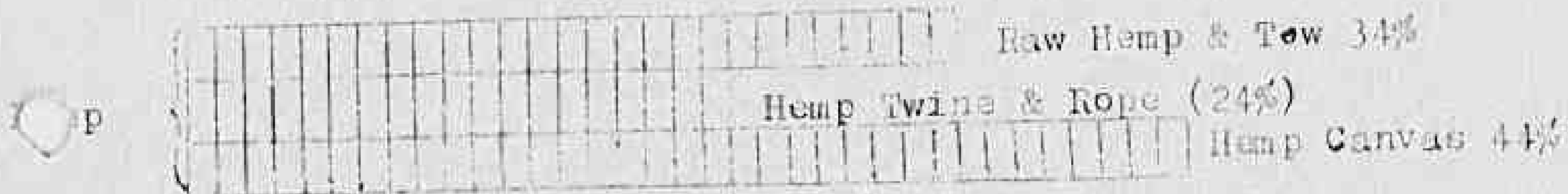
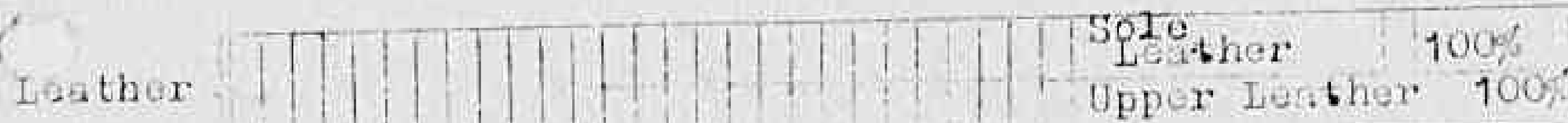
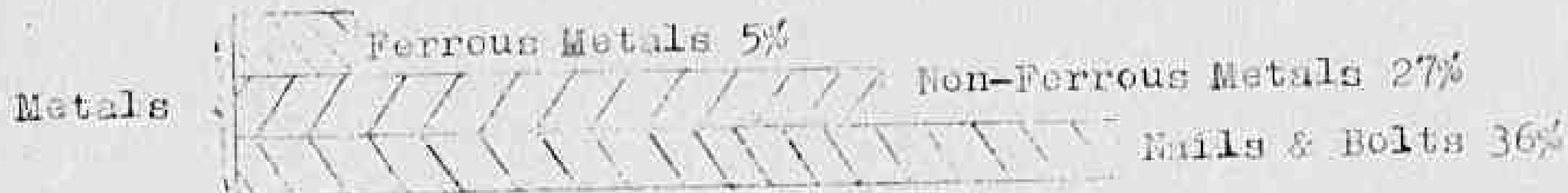
Quantity released
per cent against
quantity demanded.

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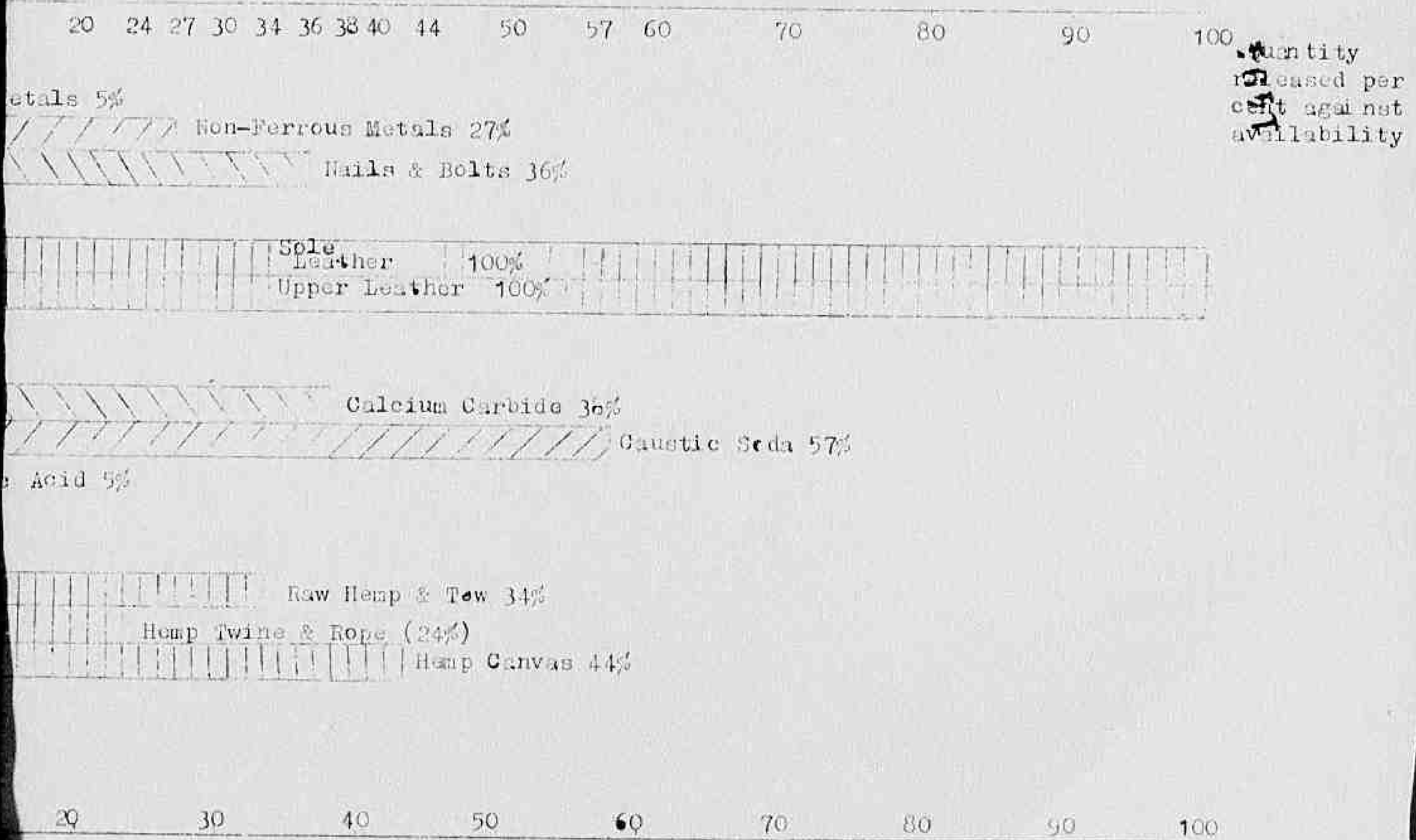
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Declassified E.O. 12356 Section 3.3/NND No. 785017

Appendix "B"



30

Tel : 451

5 December 44.

Ref : 4402/1/003.

SUBJECT : Allocation of Repaired Shoes - for month of October.

TO : Economic Section for Commerce Sub-Commission. *25*

1. Reference para 3 sub-heading (iii) " Textiles, Shoes and Clothing" from the October Monthly Report of Commerce Sub-Commission.
2. The question is raised as to whether the allocation of repaired shoes are being made on an equitable and efficient basis. Can you please say whether the procedure which you established and on which reports are submitted through Region and Sub-Section, is working satisfactorily.

culf
Chief Staff Officer,
To the Chief of Staff.

Copy to 4403/003. ✓

W. J. [unclear]
action copy file 4402/3500

JK

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4403 m

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION

JC/edg

12 November 1944

14 NOV Recd

over 15/11

ref. AC/5130/Commerce

MONTHLY REPORT, OCTOBER 1944

MATERIALS DIVISION

1. Availability of Materials:

During the month further progress was made in handing over the collection of data on, and reporting of availability of, controlled materials in Italian Government Territory, by the Ministry of Industry, Commerce and Labour. Certain difficulties were encountered, in as much as the Ministry wished to control eight groups of materials which are not controlled by AFIRS. Such action, naturally, would restrict the activities of authorised purchasing agents of Allied Military Forces. On the other hand, the Ministry was unwilling that Military Units should affect unrecorded procurement of stocks of materials controlled by the Italian Government, as such action would make it impossible for the Ministry to keep reliable stock records. A formula, acceptable both to AFIRS and to the Italian Ministry, was finally found, by which it was agreed that Military Units requiring Italian controlled materials should notify the Ufficio Provinciale before withdrawing same. Complete agreement was reached with the Ministry of Industry, Commerce and Labour, and a Circular was prepared and distributed by it to take effect from 1 Nov. 1944.

Special inquiries from AFIRS and AC/AMG sources which were investigated during the month are shown below:-

Inquiries from AFIRS

No. 240	- Optical glass	Available
241	- Tokadiastese	"
241 bis	- Emulsionification plants	"
242	- Calcium chloride	Cancelled
243	- Hydrochloric acid	No availability
244	- Airtight tins	"
245	- Phosphor bromo scrap	"
246	- Lithographic ink	Available
247	- Wood for pattern making	"
248	- Table salt	Available
250	- Aluminium sulphate	Not yet completed

Inquiries from AC/AMG

No. 65	- Stoves for hospitals	Available
66	- Cork bottle stoppers	"
67	- Steel wire...	

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During the month further progress was made in handing over the collection of data on, and reporting of availability of, controlled materials in Italian Government Territory, by the Ministry of Industry, Commerce and Labour. Certain difficulties were encountered, in as much as the Ministry wished to control eight groups of materials which are not controlled by AFPS. Such action, naturally, would restrict the activities of authorised purchasing agents of Allied Military Forces. On the other hand, the Ministry was unwilling that Military Units should affect unrecorded procurement of stocks of materials controlled by the Italian Government, as such action would make it impossible for the Ministry to keep reliable stock records. A formula, acceptable both to AFPS and to the Italian Ministry, was finally found, by which it was agreed that Military Units requiring Italian controlled materials should notify the Ufficio Provinciale before withdrawing same. Complete agreement was reached with the Ministry of Industry, Commerce and Labour, and a Circular was prepared and distributed by it to take effect from 1 Nov. 1944.

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No. 240	- Optical glass	Available
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241 bis	- Emulsification plants	"
242	- Calcium chloride	"
243	- Hydrochloric acid	Cancelled
244	- Airtight tins	No availability
245	- Phosphor bromo scrap	"
246	- Lithographic ink	"
247	- Wood for pattern making	Available
248	- Table salt	"
252	- Aluminium sulphate	Not yet completed

Inquiries from AC/AMC

No. 65	- Stoves for hospitals	Available
66	- Cork bottle stoppers	"
67	- Steel wire rope for mine sweeping	"
68	- Toilet articles for Italian Army	"
69	- Window glass	"
70	- Phallium sulphate	No availability
71	- Steel band saws	"
72	- Generating set	Available
73	- Asbestos sheets, glue, Taylor's chisel	"

Tonnages of the main controlled items submitted to AFPS for the month of October were as follows:-

Iron & Steel	-	4225	Tons
Caustic Soda	-	226	"
Sulphuric Acid	-	255	"

1492

Copper	-	4	Tons
Lead	-	1	"
Brass	-	1	"
Aluminium	-	2 1/2	"

As a result of recommendations made by this Section, the shortening of the list from 50 materials to 32 was approved by the Engineering Materials Committee, and the new list is awaiting final approval by AFIR(I)E.

2. Requirements & Releases:

October releases from AFIRS to AC were on a reduced scale.

The discussions with the Ministry of I.C.L. referred to in September Report were finally concluded, and the Ministry circularised the Uffici Provinciali instructing them in all details and putting the system into effect as from 1 November. Attached as Appendix A is an English translation of this circular, and as Appendix B, a copy of this Subcommittee's covering letter giving a précis.

With a sense of this importance there will undoubtedly be adjustments to be made before the machinery is running smoothly.

This Subcommittee will give every assistance to the Ministry to prevent minor breakdowns, and to foster the confidence of the Ministry in the new procedure.

Distribution of cement releases has been sadly hampered by general shortage and poor quality of sacks.

Calcium Carbide for Rome is presenting a serious problem, due to demand for it by Military Services. However, two sources of supply are being explored and some hope is held of a solution.

3. Special Materials:

(i) Paper and Newsprint:

A. Recent arrivals of newsprint have presented the opportunity of building up stocks of this vital material at the main points of distribution. This accumulation has taken place particularly in Rome, in anticipation of demands for paper in Northern Italy when liberated.

Ports of arrival, quantities and disposition is as follows:

(a) Leghorn - 580 Tons - being shipped to Rome for storage in the Warehouse, Viale Adriatico.

(b) Bari - 194 Tons - 2 1/2 Tons forwarded to Naples. Balance remains in Bari as supply for area until the first of the year.

B. This Subcommittee has also been notified of the imminent arrival of the following quantities:

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B. This Subcommittee has also been notified of the imminent arrival of the following quantities:

- (a) Naples - 31 Tons - to be stored in Warehouse No. 676
- (b) Bari - 31 Tons - to be stored in that city.

C. The only difficulty encountered in the distribution of newsprint has been in regard to supplying Sardinia, due to the fact that there is very little shipping between the mainland and the island. However, the critical situation was alleviated to some extent by having one ton of newsprint flown to Cagliari, and 25 tons shipped by boat near the end of the month. It has also been suggested that one Sardinia newspaper be printed in Naples daily and flown to Cagliari, as is done with "Stars and Stripes".

D. During the month APR set forth a plan whereby control and distribution of newsprint in liberated Italy would be turned over to the Italian Government. At the present time the entire matter is under advisement awaiting the approval of AFHQ.

E. Reference was made in the monthly report of September to the urgent need for printing paper for school text books. The situation is expected to be relieved shortly, as arrangements have been made, and are merely awaiting official confirmation, whereby the Vatican will release 2000 quintals of paper to fulfill our requirements. The intermediary in this transaction was Prof. Giordani, a representative of the Ministry of Education.

F. The requisition of 1000 tons per month of newsprint for the first six months of 1945 was somewhat delayed in being forwarded to Washington, and at this time is awaiting approval of G-5, AFHQ.

(ii) Printing Ink:

The situation in regard to this item continues to be satisfactory, as a supply has been built up in the different distributing centres which will last for two to three months.

15 tons of printing ink were received at Leghorn and shipped to Rome.

This Subcommission has also been advised of the imminent arrival of seven tons of this item at Naples.

Arrangements were made for the purchase of one ton of printing ink by the Associazione Editori di Giornali from the stock received at Leghorn, and shipped to Rome.

(iii) Textiles, Shoes and Clothing:

The main developments in this branch were the negotiations carried on by the Commerce Subcommission and its Sub-Section in Southern Region regarding the transfer of the distribution of repaired clothing and shoes to the Italian Government. This fits in with Industry Subcommission's proposed transfer to the Italians of the actual repairing process.

There were two conditions attached to the transfer: first, that in the future 50 per cent of the repaired items must be reserved by the Italian Government for the use of agencies in which AC is vitally interested, and second, reports of availabilities and allocations must be submitted regularly to the Regional Office.

Further, it was arranged by this Subcommission and the Southern Region Sub-Section that the latter would allocate and release repaired items until such time as the Italian Government took charge. That sub-section will receive weekly reports of availability and allocation.

Allocation of Repaired Shoes for the month of October

Region IV - Agriculture Division
Fifth Army

3,300 pairs
2,100 "

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Allocation of Repaired Shoes for the month of October

Region IV - Agriculture Division	3,300 pairs
Fifth Army	2,100 "
Military Railway Service	3,750 "
Consorzio Agrario - Foggia	5,000 "
Forest Guards	2,000 "
Ministry of War Transport	700 "
HQ, PIS	7 "
Eighth Army AMG	2,000 "
Public Works	1,018 "
HQ AMI	1,000 "
HQ AC - Labour Branch	3,000 "
Sec. Cartiera Martini	132 "
Public Safety Subcommittee	380 "
Consiglio Provinciale Economia	4 "
	1493

S.A. Italcementi 250 pairs
 Sec. Ital. Cossigenc 37 "
 R. Soprintendenza ai Monumenti 100 "
 Kemp Control Office 6 "
 15th Evac. Hospital 47 "
 Total 24,831 "

Total availability 31 Oct. 44 - 12,070 pairs.

Allocation of Repaired Clothing

	Blouses	Trousers	Greatcoats
5th Army AMG	200	200	200
Italcementi, Salerno	250	250	
Military Railway Service	500	500	
15th Evac. Hospital	47	47	
Public Safety S/C	1,300	1,300	
Total ...	2,297	2,297	200
Total availability 31 Oct. 44	7,116	9,655	110

Workers' Canvas Shoes

23,665 pairs of workers' canvas shoes imported from the U.S. arrived at Leghorn, were shipped to Rome and transferred to the Ministry of Industry, Commerce and Labour. Another 234,000 at Naples are now in the process of being transferred to the Ministry.

4. General

(i) French Purchases:

An investigation was made by officers of this Subcommittee into alleged purchases by French Agencies on the civilian market for export. Complaints of this practice had been raised by the Italian Ministry of Industry, Commerce and Labour and in the Italian press. Evidence was collected and submitted to AHCQ, G-5, recommending that French purchases be coordinated with those of other forces so as to avoid competitive bidding, and that such purchases and their export go through regularly established channels.

(ii) Cassino - Frosinone Housing Project:

Considerable canvas, light, heavy and waterproof, totalling over 100,000 square metres were obtained by allocation from AFIS for the Frosinone - Cassino housing project.

(iii) Sacks:

The situation in regard to the availability of sacks for foods and grains is well in hand at the present time. A total of 550,000 sacks were obtained from the Kemp Control Office by allocation by AFIS

Italcementi, Salerno	250	250
Military Railway Service	500	500
15th Evac. Hospital	47	47
Public Safety S/O	1,300	1,300
Total ...	2,297	2,297
Total Availability 31 Oct. 44.	7,116	9,655
		110

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(iii) Sacks:

The situation in regard to the availability of sacks for foods and grains is well in hand at the present time. A total of 550,000 sacks were obtained from the War Control Office by allocation by AFIRS from July to November inclusive. Considerable numbers of sacks were also obtained from salvage sources, Italian Army and civilian sources, so that the critical period of sacks needs for the harvest season was met without importation from abroad. The current charcoal needs are expected to be met without undue difficulty.

(iv) Leather:

Leather for soles and shoes continues to be critical in supply, although current programs have been met by using rubber soles produced at the Pirelli Factory and surplus leather soles and heels available from Army sources.

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The Ministry of Industry, Commerce and Labour have plans under way for better control of leather availability, by reorganising the Consorzi or Cooperatives, changing management, coordinating tanning material production, improving price relationships, etc. It is expected that both Italian army and civilian shoes repair program requirements may be met.

Belting production and distribution is proceeding well at the Magaldi and Aronucci factories. No complaints on belting supply for factories, mills, etc. have been received from the Services or AC/ANG.

(v) Permits:

This Subcommittee has had many requests referred to it by the Ministry of Industry, Commerce and Labour, Consorzio Industrie Piamiferi, and other national agencies, for permits for officials to go to forward areas as Provincial Officers, as Monopoly Officials, for purposes of investigating stocks and plant situations, etc.

(vi) Matches:

Larger stocks on hand due to improved production figures, as well to availabilities found in forward areas, and some importation from abroad, rendered possible increase of the ration from 25 to 50 matches per person per month, beginning from November 1944 for all of occupied and liberated Italy. The special ration of 50 matches for smokers in force only in Rome has been abolished, effective the end of November 1944. The situation of stocks and production is at present as follows:

Stocks on hand by the end of August 1944	3,158,658,000
Stocks found at Fuceocchio	1,963,000,000
Production of SAFRA plant at NAPLES in Sept. and Oct. 1944	2,000,000
Production of SIZEN plant at FERUGLI, Sept. 44	230,000,000
" " " " " Oct. 44	250,000,000
Importation from abroad	19,050,000
	<hr/>
	3,699,708,000
	<hr/>
	1,457,000,000

Consumption in September and October 1944 for civilians and Italian Armed Forces

Balance ... 4,242,708,000

This figure represents, therefore, the stocks on hand, against which there is a monthly need of the population of 25,000,000 calculated at the rate of the new ration of 50 matches per person per month; i.e.: 1,250,000,000 plus 75,000,000 for the Italian Armed Forces. Stocks on hand are therefore sufficient to satisfy about 3 months' needs, not calculating the continued production of the plants at Naples and Perugia.

The Jesi factory, which is intact and has a productive capacity of 460,000,000 sulphur matches per month, up to the present date has not been supplied with electric power. Steps have been undertaken with AMG 6th Army so that this important match plant will be operated at the earliest

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Stocks found at Fuceocchie	1,960,000,000
Production of SAFPA plant at NAPLES in Sept. and Oct. 1944	2,030,000
Production of SAFPA plant at PERUGIA, Sept. 44	280,000,000
" " " " Oct. 44	260,000,000
Importation from abroad	19,050,000
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 been supplied with electric power. Steps have been undertaken with AMG
 8th Army so that this important match plant will be operated at the earliest
 possible moment. At the SAFPA plant at Naples there are being made experi-
 ments relative to the manufacture of a new type of match by using cardboard
 and very little paraffine. Both, cardboard and paraffine are available,
 so that an increase of the present production figure of this plant from
 60,000,000 to 5,000,000,000 per month can be expected in the near future.
 The normal production of this factory was 400,000,000 cerini matches per
 month. Efforts are being made for the early operation of the damaged
 plant at Fuceocchie (Florence) and the partial rehabilitation of the com-
 pletely destroyed factory at Pavigliano di Pisa.

Arrangements have been made for the attachment of two representa-
 tives of Consorzio Industriali Fiamiferi to 5th Army, who will handle the
 distribution of matches in Army territory under the direction of the

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Supply Officer of AMB 5th Army. These representatives will move forward within the 5th Army in order to organize collection and distribution of matches in forward territories to be liberated. Upon request of AMB 5th Army, supply without payment to Italian Patriots and to the population in immediate battle areas has been arranged in agreement with OIF and the Ministry of Finance.

Arrangements were made for power supply at the Jesi and Perugia factories having a production of 30,000,000 and 12,000,000 matches per day respectively. Perugia operations were changed from night to day operation for women, avoiding possible labour trouble at that plant.

Production at the Empoli factories was started by release of sulphur from the Fucecchio factory and an interchange of other raw materials. Stearine and other products were shifted to the Perugia Plant. The first arrival from USA of materials for matches was carbonate of potassium, providing for a continuing supply of matches which warrants the increase in rations to the public mentioned above.

(vii) Tobacco:

Hiding for transportation, handled up to date by this Subcommission, has been turned over to the State Monopoly headquarters in Rome, who will provide the procurement of wagons through local channels instead of through AC.

Owing to overlapping which has occurred between this and other Subcommissions in the handling of tobacco, all tobacco matters will be referred from now on to the Finance Subcommission. Consequently, this Subcommission will not have direct liaison with the State Tobacco Monopoly.

In the same way as matches, the attachment of two representatives of the Tobacco Monopoly to AMB 5th Army for the distribution of tobacco and salt in Army territory has been arranged.

Over 3,000,000 cigarettes from Rome and a quantity of cigars from Lucca have been moved by the State Monopoly to Florence where tobacco was badly needed by the population. As further supply also the 3,500,000 Trumpeter cigarettes bought by the Monopoly from EMI have been sent to Florence for distribution to that population.

Distribution of tobacco without payment to Italian Patriots and to the population in battle areas has been obtained from the State Monopoly, upon request of 5th Army.

Arrangements like those made with 5th Army have been suggested to the 8th Army for the attachment of representatives of the tobacco and Match Monopolies. Arrangements have not yet been completed because 5th Army wants only one representative to handle matches, tobacco and salt. The matter is now under discussion by the two Monopolies concerned.

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POL SECTION:

Arrangements have been completed for handing over to the Italian Government control over POL Allocations in Southern Italy, Sicily and Sardinia for each of which a POL Allocation has been made to the Italian Government.

The only interests NOT included are the purely Military ones like the Italian State Railways (Mainland only) and Contractors working on Military Projects which are considered Military Supplies. Requirements of Railway Road Transport, etc, however, included.

Anyone representing special Allied interests should therefore see that the Italian Government are aware of and make provision for them. The Italians have been warned that priority must be given to such interests. Where Allied interests were known to exist they were discussed with Subcommissions interested.

Further work has been done on canalising demand and control of fleets of vehicles operated by the Vatican, the Knights of Malta, Diplomatic Corps and Consular Offices.

There are signs of increased interest in oils and waxes for industrial and pharmaceutical purposes. A study is being made of the effect of the new dollar credits on supply of these products.

PRICE SECTION:

In accordance with Special Order No. 43 dated 1 October 1944, price work of this Subcommission was officially concluded on 9 October. However, important matters, both of price policy and price fixation, continued to arise and resulted in the transfer of Capt. P.O. Murphy, Chief of the Price Section, to the Economic Section as Staff Officer. Pending this transfer, which was completed on 23 October, the Commerce Subcommission carried on the work as heretofore, thus facilitating the transfer, and insuring that necessary price activity was maintained with a minimum of lost motion.

FOREIGN TRADE SECTION:

1. During the month the following shipments were made:

Wine Lees	to U.K.	736 Tons
Argols	" "	80 "
Citric Acid	" "	280 " for South Africa
Wine	" "	209 "
Harp	" "	167 "
Lemon Oil	" "	33 "
Bergamot Oil	" "	7½ " for USSR
Sweet Orange Oil	" "	1 "
Vegetable Seeds	" "	11½ "
Silk	" "	9½ "
Jasmine Concrete	" "	110 Kilos
"	to USA	120 Grammes
Wine	" "	98 Tons
Vegetable Seeds	to North Africa	4 "
		<u>1,620½ Tons</u>

of a total value of approx. Lire 90,000,000.

2. At the end of the month the position of goods purchased but not yet shipped was as follows:

<u>Port of Shipment</u>	<u>Destination</u>	<u>Commodity</u>	<u>Ready at Port (Space Bid)</u>	<u>Ordered for- ward to Port. (Space not yet Bid)</u>
Naples	UK	Silk	-	2½
"	"	Harp	-	200
"	USA	Citrus Peel in brine	-	1,920
"	UK	Argols	-	30
"	USA	"	65	30
				90

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FOREIGN TRADE SECTION:

1. During the month the following shipments were made:

	to U.K.	736 Tons	
Wine Lees	" "	80	for South Africa
Argols	" "	280	
Citric Acid	" "	209	
Wine	" "	157	
Hemp	" "	33	
Lemon Oil	" "	7 1/2	for USSR
Bergamot Oil	" "	1	
Sweet Orange Oil	" "	11 1/2	
Vegetable Seeds	" "	9 1/2	
Silk	" "	110	Kilos
Jasmine Concrete	to USA	120	Grammes
" "	" "	98	Tons
Wine	to North Africa	4	
Vegetable Seeds	to North Africa	4	
			<u>1,632 Tons</u>

of a total value of approx. Lire 90,000,000.

2. At the end of the month the position of goods purchased but not yet shipped was as follows:

Port of Shipment	Destination	Commodity	Ready at Port (Space Bid)	Ordered forward to Port. (Space not yet Bid)
Naples	UK	Silk	-	22
"	"	Hemp	-	200
"	USA	Citrus Peel in brine	-	1,920
"	UK	Argols	65	30
"	USA	"	-	30
"	"	Briarwood	-	90
"	"	Lignite	1 1/2	-
"	"	Vegetable Seeds	6	-
"	various	Broad Bean Seeds	25	-
"	Mid. East	"	-	869
"	"	"	-	277
Bari	UK	Wine Lees	-	-
"	"	"	760	-
Palermo	Mid. East	Citric Acid	180	-
"	UK	"	200	-
"	"	Argols	70	-
Catania	USA	"	-	-
"	North Africa	Sulphur	4068	-
Porto Empedocle	"	"	3236	-
Licata	"	"	76	-
Sardinia	UK	Cassiterite	14 1/2	-
"	USA	Block Talc	5751	-
				<u>3,023 1/2 tons.</u>

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In addition 122 1/2 tons Vegetable Seeds are stockpiled for liberated areas and awaiting disposal instructions.

Negotiations through ICE are in progress for placing the following orders:

- 150 tons Mercury for the French
- 185 " Apples for the USA and UK
- 465 " Wine Lees for the UK.

Allied Nations have also initiated or renewed enquiries for Pumice, Cork, Mustard Seed, Juniper Berries, etc., during October, and negotiations are in progress.

3. Citrus Fruit:

In spite of the poor crop and still unsatisfactory state of supplies of packing materials (timber), a shipping program for 20,000 tons of lemons for UK during Nov/January has been arranged and bids made for steamers for the first two shipments. The provisional price of 207 Lire per box for "firsts" and 195 Lire per box for "seconds" has been agreed with the ICE and the exporters, although there is still considerable opposition to this price, particularly in Messina, where the exporters delayed signing contracts because the price of 195 lire was considered insufficient. At the end of October box ~~sheds~~ were ready in Sicily for the equivalent of approximately 160,000 boxes only, but it was expected that a further 400,000 boxes would be made available by the end of November. The shortage of railway wagons in Calabria is the latest addition to the series of obstacles preventing execution of the timber program.

4. Silk:

30 tons of cocoons have been imported during October, bringing the total amount imported to 47 tons. Distribution to the Calabrian filatures has yet to be made, but the general position of contracts for raw silk is as follows:

a)	to be produced with 1944/45 cocoon crop	11,230 Kg
b)	" " " 1944 cocoon crop	4,400 "
c)	" " " imported cocoons	<u>12,000 "</u>
	Total	..... <u>27,630 Kg.</u>

These contracts should be completed within 3 to 4 months and further imports of cocoons are necessary unless there is to be an interruption of raw silk production.

5. Mr. Motton, Silk Representative of the Ministry of Supply, London, has left for England to report to his Ministry. Maj. Robertson has joined this Section, and is at present in charge of the Silk Control Office at Reggio Calabria. It is hoped that both Mr. Motton and Mr. Gaddum, also of the Ministry of Supply, will be available in Italy shortly to work on

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6. A serious case of theft of silk occurred between Reggio Calabria and Naples. Out of a consignment made from Silk Control, Reggio to Southern Region for shipment from Naples, 32 bales and 12 cases were stolen, a total of 3800 kgs., value approximately 4 million lire at controlled prices, and perhaps ten times as much at black market price. Full investigation has been ordered, and is directed by S.I.B. Military and civilian police forces in Naples and Reggio.

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7. Artisan Products:

Initial reports have been made and investigations are on hand to determine the immediate and future export possibilities of the host of artisan and small industries located chiefly in Central Italy and which made in previous days a valuable contribution to Italy's foreign trade balance. Ceramics, accordions, straw hats, alabaster and marble ornaments, coral and tortoiseshell, embroidery, lace and dolls are a few of the many items under review.

8. The Istituto Commercio Estero has rapidly developed its work during the month. Inspectors in Sicily, Naples and Bari are now open and functioning. At least six fruit inspectors have already arrived in Sicily at the time of writing and they will be joined shortly by another eight or nine. The Head Office in Rome has been provided during the month with all relevant data in our possession in respect of commodities for which export contracts exist or enquiries are on hand.

9. Discussions on foreign trade organization have been held in Economic Section during the month and it is hoped that decisions on policy may soon be taken which will relieve AG of the need to continue as a commercial principal in all export transactions.

GENERAL:

The Director of the Subcommission, Col. W. P. Evans, proceeded to London during the month for consultation with the British Ministry of Supply, particularly on the question of Italian Foreign Trade, and also to visit the War Office, Ministry of Food and Board of Trade.

Various changes took place in the personnel of the Subcommission during the month. Officers from HQ were assigned to the new "forward" regions, but remained with the Subcommission on call by the Regional Commissioners when required, whilst certain newly-assigned officers took up their duties at HQ in preparation for later assignment to field activities.

2 Incls:
Appendices "A" & "B"

W. E. Sooten
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Major, M.I.S.
Acting Director
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Major, M.I.S.
Acting Director
Commerce Subcommittee

2 Incls:
Appendices "A" & "B"

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TRANSLATION

APPENDIX "A"

MINISTRY OF INDUSTRY, COMMERCE, AND LABOUR
General Direction of Industry and Mining

Rome, 21 October 1944

Circular letter No. 10
7 Appendices

To the:

- UFFICI PROVINCIALI DEL COMMERCIO
E DELL'INDUSTRIA
 - DISTRETTI MINERARI
 - CIRCOLI DELL'ISPettorato DELL'INDUSTRIA
E DEL LAVORO
- and for information, to:

- ALLIED CONTROL COMMISSION
- MINISTERO DELLE COMUNICAZIONI
- MINISTERO DEI LAVORI PUBBLICI
- MINISTERO DELL'AGRICOLTURA
- MINISTERO DELLA GUERRA
- MINISTERO DELLA MARINA
- MINISTERO DELL'AERONAUTICA

- R O M E -

SUBJECT: The availability and releasing of industrial materials

PREAMBLE.

1. The limited availability of certain raw materials and industrial products - bearing in mind the present needs - make necessary the blocking of the quantities existing at factories and wholesale traders, as well as of those which will go into production.
2. The blocked materials are listed in Appendix 1 and are divided into two categories: the first one includes the materials already blocked by the Allied Armed Forces, the second one, those blocked by this Ministry. This list of controlled materials may be modified in future.
3. As from the 1st of November the blocking and allocation of all the materials listed in Appendix 1, including those already blocked by the Allied Armed Forces, will be undertaken by this Ministry. The Provincial Offices of Commerce and Industry must therefore accept, on receipt of this Circular, the demands for obtaining the allocation of controlled materials.

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4. The instructions given by this Circular are valid only in the provinces returned to the Italian Government. Nothing is changed as far as A.M.G. provinces are concerned.
5. A.C.C. will inform its provincial officers of the new rules regarding the blocking and the allocation of materials listed in Appendix 1.
6. The activity and sense of duty of all officials dealing with the allocation of blocked materials is appealed to in order that this work be carried out as speedily as possible.

The procedure is inevitably a complex one: it will be simplified without delay by decree as soon as the situation of this country and the availability of materials will allow.

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7. The Offices to which this Circular is addressed are instructed to inform of these provisions the bodies and firms concerned, either directly or with press communiques to be published in the local press.

THE BLOCKING OF MATERIALS.

8. Before the 8th of each month the factories and wholesale traders must address to the Offices of Commerce and Industry the declaration of the availability and of the changes which have occurred to the stocks concerned during the preceding month.

9. The declarations of the factories - to be written on Form A - will show:

- a) the stock at the end of the preceding month;
- b) the month's production;
- c) the deliveries effected during the month;
- d) the stock on hand at the end of the month concerned.

In the form must also be given the estimated output for the following month.

10. In a separate declaration the factories must moreover give the estimated need of raw materials for the ensuing six months' production.

11. The declarations of wholesale traders - to be written on Form B - must show:

- a) the stocks existing at the end of the preceding months in their stores and warehouses or in custody of third parties, specifying if the materials were already blocked or not;
- b) the arrivals of new materials into the warehouses during the month, with a separate mention for each release order;
- c) the deliveries effected during the month;
- d) the existing stocks at the end of the month in question with particulars as per sub-paragraph a) above.

12. In the first declaration the factories and the wholesale traders who had obtained a "free allocation" from the former Ministry of War Production, or who are consignees of materials collected on account of the above mentioned Ministry (or its bodies), must declare them separately using Form C.

13. To Form A and B must be attached a list of the deliveries made during the month stating: the number of the release orders, the classification of the materials delivered, with specifications, the quantities delivered, the name and address of the purchaser, the date of the delivery

- a) the stock at the end of the preceding month;
- b) the month's production;
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- a) the stocks existing at the end of the preceding months in their stores and warehouses or in custody of third parties, specifying if the materials were already blocked or not;
- b) the arrivals of new materials into the warehouses during the month, with a separate mention for each release order;
- c) the deliveries effected during the month;
- d) the existing stocks at the end of the month in question with particulars as per sub-paragraph e) above.

12. In the first declaration the factories and the wholesale traders who had obtained a "free allocation" from the former Ministry of War Production, or who are consignees of materials collected on account of the above mentioned Ministry (or its bodies), must declare them separately using Form C.

13. To Forms A and B must be attached a list of the deliveries made during the month stating: the number of the release orders, the classification of the materials delivered, with specifications, the quantities delivered, the name and address of the purchaser, the date of the delivery and the price per unit.

14. The materials declared in accordance with the above mentioned provisions are blocked by the firms which made the declaration, and such materials, therefore, will be sold or delivered exclusively by means of release orders issued by this Ministry or by its duly authorized agencies.

15. Before the 8th of each month the Offices of Commerce and Industry have to send to this Ministry the Forms A (adding the declaration of the estimated need of materials as per para. 10 and Forms B mentioned above. The appendices to these forms, as per para. 13 will be kept by the Offices of Commerce and Industry for eventual controls.

16. The correspondence concerning the materials indicated by the sign (o) in Appendix 1 of this Circular, must be addressed to the General Direction of Commerce. The correspondence concerning all other materials

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must be addressed to the General Director for Industry and Mines.

ALLOCATION OF MATERIALS.

17. The demands for blocked materials, duly supported by the necessary particulars must be presented to the local Offices of Commerce and Industry by: State Offices, corporative bodies, firms and individuals utilizing the Form D attached to this Circular.
18. The Offices will screen each demand giving a considered opinion, not only insofar as the justification of the request is concerned, but also on the integrity of the Applicant, in order to be sure that the materials which may be allocated will be used to fulfill the purposes indicated in the demands.
- The Offices will then prepare the collated demands for each class of commodities (Form E) and will dispatch them, in duplicate, to this Ministry, not later than the 5th of each month. The Offices will suggest the quantity of materials they recommend should be released.
19. This Ministry in accordance with the opinion expressed by a Committee expressly constituted by the representatives of the Ministries and the corporative bodies interested in this matter, will take the necessary steps in order to decide upon the allocations. These will be noted on Form E. A copy, giving the name of the Suppliers, will be sent back to the Office of Commerce and Industry.
20. From the allocations made by the Ministry, the Offices will issue the release orders: original and two carbon copies (Form F). The original will be dispatched to the Applicant, one copy will be sent to the Supplier (factory or wholesale trader). The other copy will be kept by the Provincial Offices.
21. The Applicants must deliver the release orders to the Supplier, who will keep it in order to prove, for the sake of controls, the regularity of his sales.
22. This Ministry may decide to charge the Offices of Commerce and Industry to make available directly some materials. In such cases the Offices will be responsible in their own Provinces for the distribution among the firms concerned.
23. The Allied Armed Forces, in order to purchase the materials of the first category of Appendix 1 will send to this Ministry, through ACC, the release orders for the necessary encorsement.

As far as the materials of the second category are concerned, the Offices of Commerce and Industry must henceforth advise the firms owning such controlled materials that duly authorized Agents of Allied Armed Forces have the right of acquiring the quantities necessary for their needs. Purchasing Orders or similar documents of authority issued by the competent Commands must be endorsed beforehand by the Provincial Offices of Commerce and Industry. The Offices will then...

the applicant, in order to be sure that the materials which may be allocated will be used to fulfill the purposes indicated in the demands.

The Offices will then prepare the collated demands for each class of commodities (Form E) and will dispatch them, in duplicate, to this Ministry, not later than the 5th of each month. The Offices will suggest the quantity of materials they recommend should be released.

19. This Ministry in accordance with the opinion expressed by a Committee expressly constituted by the representatives of the Ministries and the cooperative bodies interested in this matter, will take the necessary steps in order to decide upon the allocations. These will be noted on Forms E. A copy, giving the name of the Suppliers, will be sent back to the Office of Commerce and Industry.

20. From the allocations made by the Ministry, the Offices will issue the release orders: original and two carbon copies (Form F). The original will be dispatched to the Applicant, one copy will be sent to the Supplier (factory or wholesale trader). The other copy will be kept by the Provincial Offices.

21. The Applicants must deliver the release orders to the Supplier, who will keep it in order to prove, for the sake of controls, the regularity of his sales.

22. This Ministry may decide to charge the Offices of Commerce and Industry to make available directly some materials. In such cases the Offices will be responsible in their own Provinces for the distribution among the firms concerned.

23. The Allied Armed Forces, in order to purchase the materials of the first category of Appendix 1 will send to this Ministry, through AOC, the release orders for the necessary endorsement.

As far as the materials of the second category are concerned, the Offices of Commerce and Industry must henceforth advise the firms owning such controlled materials that only authorized Agents of Allied Armed Forces have the right of acquiring the quantities necessary for their needs. Purchasing Orders or similar documents of authority issued by the competent Commands must be endorsed beforehand by the Provincial Offices of Commerce and Industry. The Offices will then inform this Ministry immediately of the delivery which has taken place.

Your acknowledgment and assurances are awaited.

THE MINISTER
/s/ G. GAGNÉ

11

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

Appendix "B"

ICW/edg

Ref. ACC/5300/Commerce

25 October 1944

SUBJECT: Freezing and
Releasing of
Controlled Materials,
Availability Reports

By Ministry of Industry, Commerce
and Labour in Italian Government
Territory.

TO : All Concerned

1. As from the 1st November 1944, the duties named under above subject-heading, i.e. freezing and releasing of Controlled Materials and Availability Reports, will be undertaken by the Italian Ministry of Industry, Commerce and Labour, in territory under Italian Government Authority.

2. The directions contained in our letter, reference ACC/5300/IC of 22 April 1944, now become non-operative with the exception of paras 6 and 7b, i.e., "6. Demands by Subcommittees or other Agencies. Subcommittees or other Agencies needing controlled materials for purposes outside the sphere of Provinces or Regions will submit their demands on Forms ACC-MAT No. 10 in triplicate directly to Industry & Commerce Subcommittee, in accordance with the procedure outlined above".

(NOTE: For Industry & Commerce Subcommittee, read: "Commerce Subcommittee")

"7c. Where it is known that wanted materials are not available in Italy, proper requisitions for import should be initiated".

3. For your guidance and information, the following are attached:

- i) copies of letter of instructions from the Ministry of Industry, Commerce and Labour to the Uffici Provinciali del Commercio e dell'Industria.
- ii) copies of English translation of i) above.
- iii) copies of Appendix "1" (List of Controlled Materials, divided into two categories. Category 1 includes materials required to be blocked by AFIRS and Category 2, those required to be blocked by the Italian Government for purposes of rehabilitation of Italian industry, etc., in addition to items under Category 1). See para 4, sub-para (viii) below, for further reference to Category 2.
- iv) copies of Appendix "A" (Declaration of Factories' Availabilities).
- v) copies of Appendix "B" (Declaration of Wholesalers' Availabilities).

1. As from the 1st November 1944, the duties named under above subject-heading, i.e. freeing and releasing of Controlled Materials and Availability Reports, will be undertaken by the Italian Ministry of Industry, Commerce and Labour, in territory under Italian Government Authority.

2. The directions contained in our letter, reference ACC/5300/IC of 22 April 1944, now become non-operative with the exception of paras 6 and 7b, i.e., "6. Demands by Subcommissions or other Agencies, Subcommissions or other Agencies needing controlled materials for purposes outside the sphere of Provinces or Regions will submit their demands on Forms ACC-MAT No. 10 in triplicate directly to Industry & Commerce Subcommission, in accordance with the procedure outlined above".

(NOTE: For Industry & Commerce Subcommission, read: "Commerce Subcommission")

"7b. Where it is known that wanted materials are not available in Italy, proper requisitions for import should be initiated".

3. For your guidance and information, the following are attached:

- i) copies of letter of instructions from the Ministry of Industry, Commerce and Labour to the Uffici Provinciali del Commercio e dell'Industria.
- ii) copies of English translation of 3 i) above.
- iii) copies of Appendix "4" (List of Controlled Materials, divided into two categories. Category 1 includes materials required to be blocked by AFIRS and Category 2, those required to be blocked by the Italian Government for purposes of rehabilitation of Italian industry, etc., in addition to items under Category 1). See para 4, sub-para (viii) below, for further reference to Category 2.
- iv) copies of Appendix "A" (Declaration of Factories' Availabilities).
- v) copies of Appendix "B" (Declaration of Wholesalers' Availabilities).
- vi) copies of Appendix "C" (Declaration of Materials blocked by the former Ministry of War Production).
- vii) copies of Appendix "D" (Demand Form, - equivalent to ACC Form MAT 10).
- viii) copies of Appendix "E" (Form for monthly demands collected and passed by the Uffici Provinciali del Commercio e dell'Industria, to the Ministry).
- ix) copies of Appendix "F" (Release Order, issued by the Uffici Provinciali del Commercio e dell'Industria).

x) Copies of Circolare No. 2 of the 7th October 1944, with text of proposed Decree attached.

xi) copies of English translation of ix) above.

NOTE: Circolare No. 2 of 5 October 1944 advises Prefects of the preparation of the Legislative Decree suppressing the Consigli and the Uffici Provinciali dell'Economia on the one hand and reintroducing the Camere di Commercio, Industria ed Agricoltura and the Uffici Provinciali del Commercio e dell'Industria, on the other; the latter being the executive organisation of the Ministry of Industry, Commerce and Labour. It will be noted that the Camere now include Agriculture which, before Fascism, was a separate organisation.

4. The main points of enclosure, para 3 i) and ii) above, can be summarised as follows:

i) Allied Forces have been compelled to block essential war materials and this work has hitherto been done through the agency of AMG/ACC.

ii) On behalf of ACC, the Ministry of Industry, Commerce and Labour, through the Uffici del Commercio e dell'Industria, will do this blocking as from 1 November 1944, in the Provinces under the authority of the Italian Government.

iii) HQ ACC, Commerce Subcommittee, will make available to the Ministry, such quantities of materials for civilian needs as will have been released by AFPS at the monthly meetings of the appropriate Committees. The subsequent release of these controlled materials for civilian needs will be done by the Ministry.

iv) There will be no interruption in the continuity of freezing Controlled Materials as Provinces now under AMG control become released to Italian Government authority. Thus, the Ministry of Industry, Commerce and Labour, through the Uffici del Commercio e dell'Industria, will merely extend the functions they are taking over from ACC.

v) In the Provinces under Italian Government authority, factories and merchants producing or possessing controlled materials, will declare to the Uffici del Commercio e dell'Industria, what quantities they have on hand on the last day of each month. Factories will also pass to the Uffici del Commercio e dell'Industria particulars of their estimated output for the following month. Manufacturers will also submit demands for estimated requirements for raw materials to cover a period of six months production.

All this information will be sent to the Ministry and, by it, passed to HQ ACC.

vi) All demands for civilian needs will be collated by the Uffici

- was a separate organisation.
4. The main points of enclosure, para 3 i) and ii) above, can be summarised as follows:
- i) Allied Forces have been compelled to block essential war materials and this work has hitherto been done through the agency of AMG/ACC.
 - ii) On behalf of ACC, the Ministry of Industry, Commerce and Labour, through the Ufficio del Commercio e dell'Industria, will do this blocking as from 1 November 1944, in the Provinces under the authority of the Italian Government.
 - iii) HQ ACC, Commerce Subcommittee, will make available to the Ministry, such quantities of materials for civilian needs as will have been released by APLRS at the monthly meetings of the appropriate Committees. The subsequent release of these controlled materials for civilian needs will be done by the Ministry.
 - iv) There will be no interruption in the continuity of freezing Controlled Materials as Provinces now under AMG control become released to Italian Government authority. Thus, the Ministry of Industry, Commerce and Labour, through the Ufficio del Commercio e dell'Industria, will merely extend the functions they are taking over from ACC.
 - v) In the Provinces under Italian Government authority, factories and merchants producing or possessing controlled materials, will declare to the Ufficio del Commercio e dell'Industria, what quantities they have on hand on the last day of each month. Factories will also pass to the Ufficio del Commercio e dell'Industria particulars of their estimated output for the following month. Manufacturers will also submit demands for estimated requirements for raw materials to cover a period of six months production.
All this information will be sent to the Ministry and, by it, passed to HQ ACC.
 - vi) All demands for civilian needs will be collated by the Uffici Provinciali del Commercio e dell'Industria and forwarded to the Ministry, where they will be examined, collated and passed to Commerce Subcommittee for submission as bids at the monthly meetings of the appropriate committees of APLRS.
 - vii) Particulars of the materials allocated at these meetings, (sub-para vi) above), will then be passed to this Subcommittee back to the Ministry of Industry, Commerce and Labour, which will re-allocate to the appropriate Ufficio del Commercio e dell'Industria, through a Board consisting of representatives from the interested Ministries. Release Orders will be made out and sent to the individual civilian applicants by the Ufficio del Commercio e dell'Industria.

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viii) As far as materials of category 2 are concerned, the Ufficio del Commercio e dell'Industria must nevertheless advise the firms owning such controlled materials that duly authorized agents of Allied Armed Forces have the right of acquiring the quantities necessary for their needs. Purchasing Orders or similar documents of authority issued by the competent Commands, must be endorsed beforehand by the Ufficio del Commercio e dell'Industria. The Ufficio will then inform the Ministry immediately of the delivery which has taken place.

5. Therefore, all requests pending and Forms MAT 10 ready for dispatch to this HQ on and after 1 November, in Italian Government Territory, will be passed at once to the appropriate Ufficio del Commercio e dell'Industria, for action.

6. No further requests for controlled materials will be accepted by ACC officials from sources in Italian Government Territory, who will instruct applicants to contact the Ufficio del Commercio e dell'Industria of their Province. It is understood that the terms detailed in this letter come into force as and when Provinces come under Italian Government control, without further instructions from this HQ.

7. Any queries which may arise as a result of this change of channelling and after reading the foregoing, should be addressed direct to Commerce Sub-commission (Materials Division), for clarification.

For The Acting Chief Commissioner:

A. G. Antolini
A. G. ANTOLINI
Acting Deputy Chief of Staff
Economic Section.

10 Incls:
As per para. 3

DISTRIBUTION:

ALL Submissions	1
R.C. Sicilia Region	5
R.C. Southern Region	30
R.C. Sardegna Region	5
R.C. Abruzzi-Marche Region	10
R.C. Lazio-Umbria Region	15
All other Regions	2
AFLES, RAAC, CNF	2
AFHQ, G-5 Section	5
Ministry of Industry, Commerce & Labour	2
File	2
Commerce Subcommission	25

C of S Distribute

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A. G. ANTOLINI
Acting Deputy Chief of Staff
Economic Section.

10 Incls:
as per para. 5

DISTRIBUTION:

- ALL Subcommissions 1
- R.C. Sicilia Region 5
- R.C. Southern Region 30
- R.C. Sardegna Region 3
- R.C. Abruzzi-Marche Region 10
- R.C. Lazio-Umbria Region 15
- All other Regions 2
- AFRS, RAAC, CEF 2
- AFHQ, G-5 Section 3
- Ministry of Industry, Commerce & Labour 2
- File 2
- Commerce Subcommission 25

C of S Distribute
1 - File Copy esq, C of S, A/c
3 - P. R. R. Hq.

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief of Staff

Tel. 735

Ref. 4403/17/COS.

November 4, 1944

SUBJECT: Monthly Report.

TO : Economic Section.

1. Attached hereto is the abridged Monthly Report for September of the Commerce Sub Commission.

2. The Chief of Staff directs that it be rewritten and re-submitted without delay. He considers it is not a readable precis of the Sub Commission's full length report; it contains inaccuracies and its layout is not up to standard. It is remarked that on a previous occasion the abridged report of this Sub Commission had to be returned for re-writing.

ES
Chief Staff Officer,
To the Chief of Staff.

re-writer 6/11

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PA 4/11

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HEADQUARTERS
ALLIED CONTROL COMMISSION
COMMERCE SUBCOMMISSION
APO 394

PSC/29

12th October, 1944

18 OCT Recd

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very
1944

Ref: ACC/5130/Com

MONTHLY REPORT, SEPTEMBER 1944

MATERIALS DIVISION

GENERAL.

1. Several officers were added to the Materials Division during September, at least on a temporary basis pending subsequent re-assignment.

- a. Resources Section: Lt. Hartman
- b. Requirements Section: ~~Mr. K. K. K.~~ Mr. Kochalski
- c. Special Materials Section: Mr. L. White

AVAILABILITY OF MATERIALS - SEPTEMBER.

1. During the month a survey was made of the Materials Control procedure in the following provinces:- Ancona, Macerata, Perugia, Arezzo, Florence and Siena. In general the survey disclosed a considerable improvement in the operation of the Control system and a detached report was rendered to the Director.

Following this a comprehensive plan for administration of the Controlled Materials system for A.M.C. territory was proposed to the Director, approved and passed to A.P.L.R.S. for comment and agreement before being sent out to A.M.C. Region and Army HQs. This proposed plan is to be submitted to the AFIR(I)B meeting on 7th October 1944.

Special inquiries from AFIRB and ACC/AMG sources which were investigated during the month are shown below:

INQUIRIES FROM L.R.S.

No.	232	2 Sept.	Reinforced rubber piping	available
"	233	1 Sept.	Water tubes boiler	"
"	234	10 Sept.	Asbestos sheets	not available
"	235	13 Sept.	Various	"
"	236	18 Sept.	Teeth-saw-carbon brushes	"
"	237	25 Sept.	Dry Pitch	"
"	238	29 Sept.	Shellac-Dark glass-copper	"

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- b. Requirements Section: ~~Mr. K. W. Witt~~ Lt. Kockelsiff
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Special inquiries from AFIRs and ACC/AMG sources which were investigated during the month are shown below:

INQUIRIES FROM I.R.S.

No.	232	2 Sept.	Reinforced rubber piping	available
"	233	1 Sept.	Water tubes boiler	"
"	234	10 Sept.	Asbestos sheets	"
"	235	13 Sept.	Various	not available
"	236	18 Sept.	Teeth-saw-carbon brushes	"
"	237	25 Sept.	Dry Pitch	"
"	238	29 Sept.	Shellac-Dark glass-copper magnite	"

INQUIRIES FROM A.M.G./A.C.O.

No.	51	1 Sept.	Thermometers clinical	available
"	52	7 Sept.	Sulphur ointment	"
"	53	9 Sept.	Flit Gags	1482
"	54	13 Sept.	200 water tubes for boilers	not available
"	55	13 Sept.	250 crystal glass water gauges	"

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No. 56	13 Sept.	brass rod-steel rod-copper pipe	not avail;
"	57	15 Sept.	steel bar 165 cm. length
"	58	15 Sept.	Materials for Castelnuovo power Plant
"	59	16 Sept.	Cobblers tools
"	60	18 Sept.	Zinc for telgraph batteries
"	61	22 Sept.	Muriatic acid
"	62	27 Sept.	Metallie linen

This work is now being supervised by Lt. Hartman, who is assisting Capt. Austin in the work of the availability Office.

Tonnages of the main controlled items, submitted as availability to IRS. HQ. AAI. were as follows:-

Calcium Carbide	7.9	tons
Iron	968.-	"
Cement	21.-	"
Linseed	374.9	"
Lead	50.2	"
Caustic Soda	55.8	"
Steel	257.6	"
Brass	1.2	"
Copper	2.3	"

TOBACCO.

1. The tobacco Monopoly was assisted in the procurement of transportation as follows:-

(a) Rail Movements of tobacco	-	total tons for Sept. 44
BIA for	800	
Accepted	800	
Actually shipped	315 +	

+ Reports on tobacco loadings towards the end of September are still lacking as the great bulk of acceptances were for the last week of September.

(b) See Movement of tobacco

The ship "Genio", procured through the Ministry of Marine, has finally loaded at Gallipoli 300 tons of raw tobacco for Catania and Palermo, so that those factories

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(a) Rail Movements of tobacco - total tons for Sept. 44

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Accepted	800
Actually shipped	315 +

+ Reports on tobacco loadings towards the end of September are still lacking as the great bulk of acceptances were for the last week of September.

(b) Sea Movement of tobacco

The ship "Senio", procured through the Ministry of Marine, was finally loaded at Gallipoli 600 tons of raw tobacco for Catania and Palermo, so that those factories which were closed down for ~~xxxxxxx~~ some time because of the lack of raw material have now a 4 months supply.

It has been arranged by this Sub-Commission for the Tobacco Monopoly that the paper plants at Isola del Liri will supply their whole production of cigarette paper for the manufacture of cigarettes. The monopoly is being assisted in the procurement of the raw materials needed for the production of this paper.

As starch at present is not available, 10 tons of damaged flour have been provided through the efforts of Food Sub-Commission at Rome and Naples, which the Tobacco Factories can substitute for starch.

MATCHES.

1. After the liberation of Florence reports were asked from the A.M.C. of 8th and 8th Army on the conditions of the match factories in their areas, and match stocks blocked. They report as follows:-

Putignano - Pisano: destroyed, rehabilitation probably impossible, only a small part of machinery is intact.

Fucecchio: Machinery is intact except the boiler-plant, which was blown up by Germany mines. Reconstruction of damaged building is in progress, and substitution of new boilers is being investigated.

Empoli: One of the two match plants is working.

Jeel: Is almost intact, and its operation possible when supplied with electric power.

Perugia: Is working, having been supplied with electricity during the night.

2. Permits have been obtained from the Armies for both C.I.F. and Unione Fiamiferi, to send their Directors and engineers to North Italy for the planning and reconstruction of damaged plants. It has been suggested to the Unione Fiamiferi to move the Small amount of machinery from Putignano, Pisano, to South Italy and set up a small match plant at a place where supply of electric power is possible. The society agrees with this proposal.

3. Finally this Sub-Commission made it possible to get Sig. Mazzi, an expert on the manufacture of cerini matches from Florence to Naples. The experiments which are being made in the S.A.F.F.A. plant with hemp-tweed and stearin are now likely to be soon finished. Kraft-paper needed badly for the manufacture of cerini matches is not available. Sig. Mazzi found some kraft paper at the Isola del Liri plant which could be used, if satisfactory, and production increased at once. This will be proved during October, and in which case the forecasted production of 1,000,000 boxes at Naples would be raised to 4,500,000 boxes per month.

4. Through the operation of the above match plants in North Italy and the higher production of that at Naples

Fucecchola: Machinery is intact except the boiler-plant, which was blown up by German mines. Reconstruction of damaged building is in progress, and substitution of new boilers is being investigated.

Umbro: One of the two match plants is working. Jesi: Is almost intact, and its operation possible when supplied with electric power.

Perugia: Is working, having been supplied with electricity during the night.

2. Permits have been obtained from the armies for both S.I.F. and Unione Piemiferi, to send their Directors and engineers in North Italy for the planning and reconstruction of damaged plants. It has been suggested to the Unione Piemiferi to move the small amount of machinery from Patignano, Pistoia, to South Italy and set up a small match plant at a place where supply of electric power is possible. The society agrees with this proposal.

3. Finally this Sub-Commission made it possible to get Sig. Muzzi, an expert on the manufacture of cerini matches from Florence to Naples. The experiments which are being made in the S.A.F.A. plant with hemp-thread and stearin are now likely to be soon finished. Kraft-paper needed badly for the manufacture of cerini matches is not available. Sig. Muzzi found some kraft paper at the Isola del Liri plant which could be used, if satisfactory, and production increased at once. This will be proved during October, and in which case the forecasted production of 1,000,000 boxes at Naples would be raised to 4/5,000,000 boxes per month.

4. Through the operation of the above match plants in North Italy and the higher production of that at Naples it will be possible to raise the present ration of 25 matches per person per month to 50 matches, thus eliminating the black market.

5. Sicily and Sardinia, which, through lack of shipping space for months have been without matches, have now obtained supplies for two months.

6. Payments for Imports. Consultation with Regional Economics and Supply officers and the Chief Accountant, HQ. ACC., led to the consideration of payments by civilian Italian agencies, such as Consorzio Industrie Piemiferi (Matches), Tobacco Monopoli, etc., for imports, by one **1481**

Italian governmental agency at Rome. This was to follow the General pattern of the Food Sub-Commission and S.E.F.R.A.L. arrangements. The final plan will probably be published and instituted during October.

REQUIREMENTS AND RELEASE SECTION.

In the August Report, paras. 1 to 4 did not present a very clear impression of what it was intended to convey. As however, September's results were substantially a repeat of August's, this matter is now adjusted.

September releases to ACC from I.R.S., A.A.L., continued to provide more liberal contributions towards civilian requirements, but the difficulty referred to in para. 3 of this Section's August report, particularly as regards the Engineering Materiel Committee, continues. The answer to this therefore would seem to be the granting of facilities to ACC, in ACC territory, to make independent and direct enquiries at D.W. and C.E., P.B.S. stores depots, and if what was sought was found to be there, release would be asked for. This applies particularly to such items as paints, varnishes, and electrical fittings, where specifications must be closely observed. With the battle-line now so far North, military requirements are neither so large nor so urgent in ACC territory.

During September much time was given to discussion between personnel of this Section and officials of the Ministry of Industry, Commerce, and Labour with the view of passing over to this Ministry in ACC territory the work of providing both availability reports of controlled materials, the freezing of sales, and the receiving and earmarking of civilian demands, all for presentation, through this Section, to the I.R.S. Progress has been made to the extent where it can now be said that before the end of October the system mutually agreed upon will be set the work under the guidance of personnel of this Section, during the early days.

Whilst the shortage of rails available for civilians and Italian armed forces is being alleviated through the release of a substantial supply by C.E., P.B.S. to ACC and the reactivation of one factory under the direction of Industry Sub-Commission, Cement and Commercial Gravel,

of August's, this matter is now adjusted.

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Whilst the shortage of nails available for civilian and Italian armed forces is being ameliorated through the release of a substantial supply by C.E., P.E.S., to ACC and the reactivation of one factory under the direction of Industry Sub-Commission, Cement and Commercial Gases, - particularly Oxygen and Acetylene remain a major problem. Steps are afoot however to improve the latter, and even as regards cement a glimmer of hope exists that through the efforts being made to rehabilitate and furnish with electric power etc., one or more of the cement factories released to Industry Sub-Commission by the Military, complete drying up of supplies for civilian purposes will be averted.

PAPER.
Newspaper situation should be relieved by arrival of 347 tons in Naples. Cooperation of warehousing, and

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forwarding division made it possible for 150 tons of newsprint to be offloaded in Catania from ship bound for Italy. Sicily should then have two months supply in hand.

Milanesi Mill now produces about 56 tons of newsprint per week for LCC, and PWB.

Given an extra 100 Kws. per day Montara Mill, now producing about 200 tons of newsprint per month, states that this increase in power would enable them to produce paper for the Istituto Poligrafico dello Stato as well.

PRINTING INK: situation continues to be satisfactory. Capt. Plecop of PWB is proceeding with plans for rehabilitating an ink factory in Florence. With raw materials on hand, this factory can shortly produce three or four tons of printing ink. Further production is only limited by availability of raw materials.

Stocks of printing ink on hand in Italy at 30th September were as follows:-

(a) Lagnern	...	...	25 tons
(b) Naples	...	...	49 "(3 t.unaccounted for)
(c) Bari	...	...	39 "(4 t.unaccounted for)

Dispositions were as follows:-

From (a)	15 tons to Rome
	10 tons to Naples
" (c)	11 tons to Palermo
	10 tons to Naples

Another urgent demand made during period under review was for paper for school text books. No information re requisition placed by Educational Sub-Commission in April 1944, is available. Efforts are being made through channels to meet the demand from supplies at Siena and in the Vatican.

Types of paper (other than newsprint and printing paper) are being now unblocked. Demands are easily handled.

TEXTILES, SHOES AND CLOTHING.

1. During period under review, Lt. Harlow of this Division has visited textile mills at Prato and Lucca.

PRINTING INK: situation continues to be satisfactory. Capt. Placop of PWA is proceeding with plans for rehabilitating an ink factory in Florence. With raw materials on hand, this factory can shortly produce three or four tons of printing ink. Further production is only limited by availability of raw materials.

Stocks of printing ink on hand in Italy at 30th September were as follows:-

(a) Leghorn	...	...	25 tons
(b) Naples	...	...	43 "(3 t.unaccounted for)
(c) Bari	...	...	39 "(4 t.unaccounted for)

Dispositions were as follows:-

From (a)	15 tons to Rome
	10 tons to Naples
" (c)	11 tons to Palermo
	19 tons to Naples

Another urgent demand made during period under review was for paper for school text books. No information re requisition placed by Education Sub-Commission in April 1944, is available. Efforts are being mad. through channels to meet the demand from supplies at Siena and in the Vatican.

Types of paper (other than newsprint and printing paper) are being now unblocked. Demands are easily handled.

TEXTILES, SHOES AND CLOTHING.

1. During period under review, Lt. Barkow of this Division has visited textile mills at Prato and Lucca. Approximately 400 mills of various capacities are located in this area. Brief survey of stocks held by eleven mills yielded the following information:

Commodity	Quantity
Woolen Blankets	2,615
Army " (in grey)	1480
Woolen Rayon dress fabric	1,500 metres
Wool fabric for clothes	2,575 "
Italian Air Force Coating	4/5,000 "
" "	5,500 "
" Army	2,800 "

Undyed	3,000 metres
Wool dress fabric	"
" " (in draft)	30,600
assorted dress fabrics	5/7,000
" " (in draft)	7/3,000
assorted coloured, women's coattings	20,000
Slipper fabric	37780
Men's suiting	5,900
Resorted knitting speels	3,100
	5,000 doz.

2. Allocation of Retained Shoes during the period under review:

<u>Consignee</u>	<u>Quantity</u>
Fifth Army Ordnance Service	(500 prs. per week for 2 weeks) (2000 "
Provincial Director Posts and Telegraphs	400 pairs
Public Safety S/C (for Ministry of Interior)	2500 "
Public Safety S/C (for Fire Brigade, Southern Reg.)	500 "
Agriculture S/C (for Federazione dei Consorzi Agrari)	10,000 "
Commerce S/Sec, Southern Reg. (for Pub. Works and Utilities)	1,000 "
Legion Commander, Royal Forest Guard	1,650 "
Commerce S/Sec (for Soprintendenza ze ai Monumenti)	150 "
Commerce S/Sec (for Pub. Works & Utilities)	13 "
Commerce S/Sec, Southern Region	100 "
Public Safety S/C (for Polizia Urbana - Salerno)	20 "
HQ Panineuler Base Section	7 "
Total	18,405 "

3. Allocation of Retained Clothing:

Fifth Army Ordnance Section	2500 Blouses	2500 Trousers
Commerce S/Sec Southern Region	10 "	10 "
Commerce S/Sec	"	"
(for Italoementi - Salerno)	250 "	250 "
Total	2760 "	2760 "

7
5. Rubber Soles & Heels.

First delivery of six thousand soles and heels for repairing salvaged boots has been completed. Pirelli Company production is now placed at 600 soles and heels per week. Anticipated production 1,000 soles and heels per week, depending on our requirements.

Staff Reorganization:

On 1st Lt. Harkov being assigned to fresh duties in the field, Special Materials Division is under the control of Sod. Ldr. Colin A. Mackenzie, with Mr. I. White, former textile buyer from New York, as aide.

HYAL SECTION.

1. Arrangements have been made to allocate to the Italian Government Supplies of POL in bulk for Sicily, Sardinia and Southern Italy (Southern Region) leaving it to them to sub-allocate to Provinces, and categories of users, effective 1st November 1944.

2. Formerly Petroleum Section allocated down to Provinces, and categories of user, Agriculture, Automobile, Industry etc....

3. ACC special interests such as vehicle fleets operated directly by ACC (not yet turned over to ENAC), timber hauling for launch expert in Calabria, etc... will be safeguarded by feeding supplementary allocations into Provinces where the Services are performed. These special interests will only be few, as in the majority of cases, ACC Sub-Commissions have agreed to protect their interests by "registering" them with the Italian Ministry concerned.

4. A great deal of detailed work, has had to be done by the Section in connection with the printing and delivery of POL forms, Circulation Permits, and Petrol Ration Cards for a scheme due to start in September 1st, as a result Petrols V and VIII will have to delay the introduction of the scheme a further two weeks also.

PRICE SECTION.

Activity during September consisted of participation in the work of the Price Committee and further efforts to assist the Italian Government in establishing an effective system for handling prices.

Progress in this latter direction continues to be

FUEL SECTION.

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PRICE SECTION.

Activity during September consisted of participation in the work of the Price Committee and further efforts to assist the Italian Government in establishing an effective system for handling prices.

Progress in this latter direction continues to be slow. The Government's representatives put forward many strenuous elements such as the value of the lire, the need for imports, the operation of markets, difficulty of transport, etc., as reasons for inability to act and suggest that these elements must be remedied before prices can be tackled.

These elements make pricing difficult, but price action, none-the-less, must be taken in order to keep in

... Mr. L. Hill, former ...

SECRET

tion the small flow of goods and services that still exists. There is grave danger that this flow will become both smaller and slower from lack of a proper flow of funds in the other direction. Under current inflationary conditions few firms are anxious to dispose of their inventories at old official prices that are now far below replacement costs. On the other hand they can sell at prices that are both exorbitant and fantastic if left alone.

Attempts to force the movement of goods from one firm to another at the old official prices can only be successful for stocks under control and result in hoarding and concealment of stocks not under control. The need for prompt determination and promulgation of prices that will assure the maximum amount of production and trade is thus apparent. We have constantly urged that the Government take action in this matter, pointing out the need for such action to the Economic Section.

It is hoped that the new Italian Inter-Ministerial Committee Prices will be able to act on these matters shortly. The need is urgent as many goods are now being moved from one Italian producer to another, and so on the final consumer, an allocation by ACC and the Italian Government. Moreover, expansion along this line is bound to occur as more industrialized areas of Italy come under control. Prompt payment at fair prices will do much to maintain commerce in these areas.

In addition to the establishment of an inventory price policy, the Government must also analyze cost statements submitted by firms for current production. It is already working on cement, lignite coal, and milling costs for grain and the list is bound to expand.

Imported supplies continued to arrive in Italy during the month without landed costs. However, we have been informed that landed costs of United States produced civilian supplies, by ships and commodities, will be notified on and after 1st November 1944. A single report covering landed costs prior to 1st November 1944, will also be issued.

With this data at last available to us, complete revision of our landed costs materials and past notifications can also be made to interested Sub-Commissions, Regions, and the Italian Government, with all items maintained currently after 1st November.

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FOREIGN TRADE SECTION.

1. Export Shipments. The export shipping situation at the time of writing is summarized as follows:

Shipments effected during September 1944

Commodity	Destination		Totals
	UK	US NI.	
Brierwood	450		450
Argeis	102		102
Essential Oils	76 1/2		76 1/2
Various other goods	200	200	400
			100

XXXXXXXXXXXXX
XXXXXXXXXXXXX

Vegetable Seeds
Carbon Bisulphide

10 1/2 635 1/2 77 1/2 723 1/2 tons net

Shipments effected since 30 Sept. 1944 to date

Commodity	Destination		Totals
	UK	NA	
Hemp	170		170
Wine		98	98
	170	98	268 tons net

Goods awaiting shipment 30 Sept. 44 for which lifts have been secured.

Commodity	Destination		Totals
	UK	NA	
Wine Lees	600		600
Argols	70		70
Citric acid	280	382	662
Sulphur		1500	1500
Essential Oils	65		65
Vegetable Seeds	12	25	117
Silk	8		8
	1036	1580	3023 tons net

Goods awaiting shipment 30 Sept. 44 for which lifts have been ~~not~~ secured.

Commodity	Destination		Totals
	UK	NA	
Wine Lees	300		300
Wine	100		100
Talc		14 1/2	14 1/2
Tin Ore	76		76
Sulphur		287 1/2	287 1/2
Vegetable Seeds		11	11
Jasmino concrete		116 Kgs.	116 Kgs.
	1076	14 1/2 tons 288 1/2	4004 1/2 tons

2. General. Towards the end of September shipping facilities improved and the current month should see considerable movement in goods which have been accumulating for export. There is a steady increase in the number of commo-

Goods awaiting shipment 30 Sept. 44 for which lifts have been secured.

Commodity	Destination		Totals
	UK	Mid East M.	
Wine Lees	600		600
Argols	70		70
Citric Acid	280	332	612
Sulphur		1500	1500
Essential Oils	66		66
Vegetable Seeds	12	25	37
Silk	8	60	68
	1036	407	1580

Goods awaiting shipment 30 Sept. 44 for which lifts have been ~~not~~ secured.

Commodity	Destination		Totals
	UK	US	
Wine Lees	900		900
Wine	100		100
Talc		14 1/2	14 1/2
Tin Ore	76		76
Sulphur		2873	2873
Vegetable Seeds		11	11
Jacmins concrete		116 Kgs.	116 Kgs.
	1076	142 tons 2884	4004 1/2 tons

2. General. Towards the end of September shipping facilities improved and the current month should see considerable movement in goods which have been accumulating for export. There is a steady increase in the number of commodities offered or requested for export, and, although the work of the Section is increasing in proportion, it has nevertheless shown contemporaneously a notable improvement. The Section in fact commencing to benefit from the additional personnel acquired during the past few months and may be fully expected to make further rapid strides if continuity of Officers is maintained. The absence of Export Officers in the field on the Italian mainland is still a very grave handicap and it is

certain that many sources are antipathetic as a result. The moves described in the following paragraph, by which the Italian Government should gradually take over the responsibility for developing its own export resources, will in time, it is hoped, substitute for this task of ACC personnel, but rapid exploitation of resources of newly liberated areas in the north cannot be expected unless Allied Officers or equivalents are made available.

3. Italian Export Organization. During the month letters were interchanged with the Ministero dell'Industria del Commercio e del Lavoro, establishing agreement to the re-activation of the Istituto Nazionale per il Commercio Estero (INCE) as the executive organ of the Italian Government responsible for export trade development. Under the arrangement made, INCE will work closely with Foreign Trade Section of Commerce Sub-Commission and will inter alia:

- a) investigate and report availability of exportable commodities.
- b) organize and promote pools of exporters and draw up contracts regulating the procurement of goods.
- c) assume responsibility for the qualitative examination of goods for export and for the supply of such goods under contract terms.

4. Further discussions are in progress by which, directly, payment of Italian exporters would be undertaken by the Bank of Italy, and, secondly, warehousing, forwarding and loading of export goods would be done entirely by transport agents under agreement with ACC and the Italian Government.

5. Citrus Fruit Export Program. A crop report is expected shortly but preliminary estimates indicate from 20% to 40% below normal. The timber supply situation for bark making shows at least some improvement, in spite of the succession of obstacles which continue to delay progress with this program.

6. Commodities General. Meeting have been held with the Italian Ministry of Agriculture and Ministry of Industry, Commerce & Labour to discuss centralized organization of the Silk industry. Meanwhile Calabria continues to produce, and silk cocoons from Turkey have been imported in order to maintain output from the filatures now working. Hemp exports have been reduced - it is hoped temporarily. Requests from Allied countries have been received on offers made for the

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W.P. EVANS
Director - Colonel
Commerce S/Gen.

Distribution List S.
1 File copy CSO cofs a/c
1 Capt Menden
3 PR Or

495 *α*

HEADQUARTERS
ALLIED CONTROL COMMISSION
COMMERCE SUBCOMMISSION
APC 394

PSC/fp

12th September 1944

1 SEP Recd

Ref. ACC/51.0/Com

MONTHLY REPORT, AUGUST 1944

MATERIALS DIVISION

GENERAL.

1. Major Mackenzie was attached to this division by the D.A.E. He was assigned to the Special Materials section and now handles such items as paper, imports, etc.
2. Sig. Del Rio was added to the Requirements section for liaison with the Government in securing the establishment of procedures of demands through civilian channels to the Ministry of Industry, Commerce and Labour and thence to Commerce Sub-Commission, HQ. A.C.C. and submission to the various Committees of APLR(I)B for allocation.
3. With Personnel in A.C.C. Regions reduced greatly, especially in Southern Region where one Provincial Officer covers up to three provinces, it is impossible for them to handle the paper work, screening of demands, etc. Similarly Regional Supply Officers cannot handle the demands from all the provinces. Plans have been made, with the Economics and Supply Officers of Southern Region to the effect that demands initiated by civilians by-pass Provincial and Regional A.C.C. Officers and go from Italian Provincial levels to the Ministry of Industry, Commerce, and Labour directly. Bulk demands are then properly screened and justified or transmitted to Commerce Sub-Commission HQ., A.C.C., for joining with ACC/Angot demands from other sources for final presentation to APLR (I) B.
4. The above procedure will depend upon the re-establishment of Provincial agencies to handle this work in the provinces, and the assignment of Italian Official within the Ministry of Industry, Commerce, and Labour to act as the co-ordinating agents for collating these.

LEATHER BELTING.

1. MAGALDI PLANT, Buccino.
 - a. This factory turned out 2910 metres of belting, completing orders for the Ramco and other flour mills, considerable belting for the harvest agricultural machinery program, and a...

10/25/16/17

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LEATHER BELTING.

1. MACALDI PLANT, Buccino.

a. This factory turned out 2910 metres of belting, completing orders for the Humco and other flour mills, considerable belting for the Harvest agricultural machinery program, and a number of Armed Service belting. Operations and control have been smooth under the direction of Region III and Sig. Simoncini. 1577

2. The ABRUCCI Belting Factory Naples has also been taken over by Region III for the production of solid leather belting. In August it produced 815 metres of belting for A.C.C. requirements.

3. GRILLI PLANT, Ternd, was taken over by Region IV to produce belting for A.C.C., with its first 5000 metres allocated to the Agricultural Machinery Program.

4. Prof. Enrico Simoncini was appointed Commissioner for Leather for all of Italy, and was made responsible for leather

2

operations and control. Orders and demands for belting are forwarded through the Regions concerned to Sig. Simoncini for processing through the factories and arranging final delivery and payment.

TOBACCO.

1. The tobacco Monopoly was assisted in the procurement of transportation as follows:-

Rail Movements:	total tons for August 1944
Bid for	640 tons
accepted	"
actually shipped	557 "

No sea movements for tobacco were made during August. The ship "Genio" was finally procured through the Italian State Tobacco Monopoly and the Ministry of Marine, to carry a three month supply of tobacco to Catania and Palermo during the first week of September.

2. In addition to moving the tobacco, materials of operation were obtained from local resources for cigarette machines.

3. Requirements were submitted for selected items for the occupied area of Italy, including 25,000,000 people for a 12 months period.

Tobacco:

	<u>Cigarettes</u>	<u>Cigars</u>	<u>Other</u>	<u>Total</u>
Civilians	5,000	1,200	1,925	9,175
Italian Armed Forces	850		1,038	1,896
Total	6,850	1,200	2,963	11,071

MATCHES.

1. Arrangements have been completed for the distribution of matches by and through the optional organization of Consorzio Industrie Fiammiferi, C.I.F., which is the monopoly for the distribution of all matches for Italy, including all those domestically produced and imported from abroad.

2. Some difficulty was encountered in the movement of matches from Rome to the main warehouses in Southern Italy and to Sicily and Sardinia, due to transportation delays. All areas were supplied with the exception of Sardinia. Problems

1944
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 545 "
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2. Some difficulty was encountered in the movement of matches from Rome to the main warehouses in Southern Italy and to Sicily and Sardinia, due to transportation delays. All areas were supplied with the exception of Sardinia. Problems of excessive transport costs and movements of matches from Northern sources such as Jesi, Perugia, etc., are finally being solved by permits for the use of C.I.F. trucks in the Army areas. Ten tons of matches were shipped by sea to Catania and Palermo via the schooners "Rosina Picchieri" and "Mangia" respectively.

3. Arrangements are being made through the Finance Sub-Commission for payment for imported matches by the Italian Government who will be reimbursed by the Consorzio Industrie Fiammiferi. This will relieve Regional Accountant Officers at Naples, Palermo, Bari and other ports from the problems of

payment for imported matches, especially, where no added costs have been obtained. The Italian Government will make payment arrangements directly with HQ. CC. for all imported matches as will be laid down by Finance Sub-Commission.

4. Requirements were submitted for selected items for the occupied area of Italy, including 25,000,000 people for a 12 months period.

Matches

Civilians	15,000 million matches
Italian Armed Forces	977 "
Others	44 "

PAPER.

An AELR (Italian) Board Meeting, held on 21 August, decided to remove from the list of controlled items sheet and rolled paper of all kinds, except printing paper.

Newsprint situation continues to be acute. No imports have been received during period under review. Present stocks, including those which have been found in liberated Italy plus local production, will have been used up by end of September. Imports were 1,174 tons in arrears at 31 August. Report on newsprint situation has been prepared for submission to Washington.

Statistics prepared during the month are as follows:-

(a) Normal civilian consumption of paper in Italy for a year:

- Newsprint	Tons 51,200
- Printing paper	" 74,100
- Writing paper	" 31,100
- Office supplies	" 42,100
- Wrapping & Packing	" 140,200
- Cigarettes & Cartons	" 14,850
- Filter papers	" 500
- Sacks & Bags	" 387,950
- Safety paper	" 1,100
- Cardboard	" 68,800
- Miscellaneous technical papers	" 55,900

Total Tons 518,900

(b) Italian Government consumption:

- Writing paper	Tons 1,260
-	" 8,870

Civilians	25,000 million matches
Italian Armed Forces	977 "
Others	44 "

PAPER.

An AFIR (Italian) Board Meeting, held on 21 August, decided to remove from the list of controlled items sheet and rolled paper of all kinds, except printing paper.

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Statistics prepared during the month are as follows:-

(a) Normal civilian consumption of paper in Italy for a year:

- Newsprint	Tons	51,200
- Printing paper	"	74,100
- Writing paper	"	31,100
- Office supplies	"	42,100
- Wrapping & Packing	"	140,200
- Cigarettes & Cartons	"	14,850
- Filter papers	"	500
- Sacks & Bags	"	30,950
- Safety paper	"	1,100
- Cardboard	"	68,600
- Miscellaneous technical papers	"	55,000

Total Tons 518,500

(b) Italian Government consumption:

- Writing paper	Tons	1,260
- Printing paper	"	8,870
- Safety paper	"	600

1478

Total Tons 10,730

Internal movements of newsprint include:-

- 120 Tons	from Rome	to Naples
- 30 "	" Palermo	" Reggio
- 25 "	" Naples	" Cagliari
- 25 "	" Bari	" Naples
- 60 Rolls	" ACC depot, c. 93, Piombino	to Roma.

PRINTING INK.

Central depository for this commodity was established in Naples. Though no imports were received during the month, stocks available are sufficient for present needs.

ARMY SACKS.

Efforts have been made to obtain a ruling from Army salvage authorities on collection and disposal of sacks abandoned in the Anzio battle area. Information available indicates that large quantities of these sacks have been collected by civilians and sold on the black market. Army authorities refused to grant permission to civilian contractors to collect sacks for A.C.C.

SOAP.

Requirements were submitted for selected items for the occupied area of Italy, including 25,000,000 people for a 12 months period.

Soap:

Civilians:	45,000 Tons.
Italian Armed Forces	1,700 "

TEXTILES, CLOTHING & SHOES.

1. A report was submitted to the Industry Subcommittee listing the estimated yearly textile requirements for 25,000,000 people south of the Pisa-Rimini line as follows:-

36" wide flannel	1,125,000 yds
Cotton fabric or cotton and rayon, poplin, muslin and calico	281,400,000 "
Manipulated wool fabric, 12/15 oz. SUITING	14,915,000 "
54" wide manipulated wool fabric 20/24 oz. overcoating	27,000,000 "
Rayon or acetate lining fabric	25,800,000 "
Cotton utility fabric Denim, drills etc., chemically treated (water repellent or rubberized)	14,900,000 "

one major textile area. Information available indicates that large quantities of these socks have been collected by civilians and sold on the black market. Army authorities refused to grant permission to civilian contractors to collect socks for A.S.C.

SOMP.

Requirements were submitted for selected items for the occupied area of Italy, including 25,000,000 people for a 12 month period.

Source:

Civilians: 45,000 tons.
Italian Armed Forces 1,700 "

TEXTILES, CLOTHING & SHOES.

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Rayon or acetate lining fabric	23,800,000 "
Cotton utility fabric Denim, drills etc., chemically treated (water repellent or rubberized) for rain wear.	14,900,000 "
36" wide utility fabric cotton corduroy.	23,800,000 "
22/25 oz. Blanket fabric	12,500,000 "

2. Jurisdiction over textiles owned by various merchants held on the premises of the Consorzio Italiano Manifattili was turned over to the Italian Ministry of Industry, Commerce, and Labour, which together with the Prefect of Rome, will hereafter administer return of goods or financial restitution to the legal owners, from whom the goods were sequestered.

5

3. Allocation of repaired shoes were made to the following:

Agriculture Subcommittee	10,000 pairs
Public Safety Subcommittee	500 "
Public "	2,500 "
Provincial Director Post & Telegraphs	400 "
Fifth Army Grd. Section	500 "per week for 8 weeks
Region III	75 "
Industry Subcommittee (Mining Div.)	5,000 "

Rate of repair of salvage shoes has been increased to 6,000 pairs per week during the month. Supply of "D" class shoes is somewhat depleted, but arrangements have been made for Irish supplies.

4. Allocation of repaired uniforms (Bicuse & pair of trousers) were made to the following:

Fifth Army Ord. Section	2,500 pairs
Military Railway Service	500 " monthly

5. The Piralli Plant has started manufacture of rubber soles and heels, which will be used for the repair of salvage shoes. Figures cannot as yet be given as to the output of this plant, as the 1st Advance Base Workshop RMB responsible for carrying out production has not submitted costs or rate of production.

REQUIREMENTS AND RELEASE SECTION.

1. July's promise of more liberal contributions in the future of controlled materials from Miscellaneous Purposes Committee and Engineering Materials Committee, was confirmed again in August, when practically 100% of bids were met at the Engineering Materials Committee Meeting. Whilst not such a high percentage was obtained yet results may be considered satisfactory as far as they go, as the following particulars serve to prove:-

<u>Material</u>	<u>QUANTITY</u>	<u>QUANTITY</u>
	<u>Asked for</u>	<u>Released</u>
Solder	10 kg	10 kg
Copper Scrap	7 T	4.5 T
Lead Pipe	29 T	25 T
Lead Scrap	10 T	10 T
Mercury	5 T	5 T
Sulphuric acid-Electrolyte	20 T	20 T
Varnish, nitrocellulose	300 lit.	300 lit.

per week during the month. Supply of "D" Class shoes is somewhat depleted, but arrangements have been made for fresh supplies.

4. Allocation of repaired uniforms (Blouse & pair of trousers) were made to the following:
 Fifth Army Ord. Section 2,500 pairs
 Military Railway Service 500 " monthly

5. The Pirelli Plant has started manufacture of rubber soles and heels, which will be used for the repair of salvaged shoes. Figures cannot as yet be given as to the output of this Plant, as the 1st Advance Base Workshop REMZ responsible for carrying out production has not submitted costs or ratio of production.

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Mercury	5 T	5 T
Sulphuric Acid-Electrolyte	20 T	20 T
Varnish, nitrocellulose	300 lit.	300 lit.
Electric motors	3	3
Ammonia	35.2 T	15 T
Cement	3.174 T	1829 T
Caustic Soda, liquid	774,762 lit.	774,752 lit.
" solid	2,008 kg	1,008 kg
White plate (tin plate)	10	100 T
Steel Bars, various	359 T	339 T
Tool Steel	450 kg	450 kg
Wire Rope	9500 M	8000 M
Pipe 1-1/4"		Nil
Steel Tubing	40 M	"
Gal. Iron Pipe	1500 M	"
Weldless Gas Pipe	282 M	5

1475

Material	6	
	QUANTITY asked for	QUANTITY Released
Black Tubes	100 M	Nil
Iron Pipe	1800 M	
Duralumin Sheets	30 T	22 T
Copper Wire	400 M	400 M
" "	12700 kg	12700 kg
Soldering Tin	51 kg	255 kg
Pig Iron	20 T	20 T
" "	60 T	60 T
Calcium Carbide	480 T	400 T
Brass Sheets	50 kg	50 kg
High Speed Steel	250 kg	250 kg
Oxygen cylinders	522	162
Acetylene -60-	57	57
Nails - assorted	57 T	3376 kg

2. Very important materials as cement, nails and commercial grades remain in critical short supply. Demands are increasing at a rapid rate, taking into account the time which must yet elapse before supplies from the factories in the course of rehabilitation can be counted, upon in any volume. It may yet prove expedient, after approaching DW and PBS for all possible assistance, to requisition for imports in order that essential civilian requirements be fulfilled.

3. A persistent difficulty is presented by the fact that the only bids for iron and steel material accepted by the Engineering Materials Committee are those which can be specifically matched against availability as shown at the meeting. This result is in a perpetual surplus of unsatisfied bids which must be carried forward month by month and some of which there would appear to be very little hope of fulfilling.

4. In view of increasing availability from the large territory now being freed from enemy occupation and the pending changes in the Local Resources Board, this branch of Materials Division is hoping that an early opportunity will be afforded at which ~~to~~ submit proposal whereby it will be agreed that stock-taking bids may be presented on behalf of essential civilian requirements, as is done by the Military Services. Under these arrangements Government channels and Commercial Agencies will implement the means of transport, warehousing, handling and accountability.

480 T	400 T
50 kg	50 kg
250 kg	250 kg
322	162
57	57
57 T	5378 kg

Brass Sheets
 High Speed Steel
 Oxygen cylinders
 Acetylene -dc-
 Nails - assorted

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" Releases from this Subcommittee for the month of August number 333

5. The Miscellaneous Purposes Committee (I) Board favored ACC at the August meeting allocating sizeable percentages of their commodities to ACC. These are tabulated as follows:-

<u>Hemp</u>	<u>Bid for</u>	<u>Allocated to ACC</u>
Rope under 3 mm.	12,000 kgs	11,553 kgs
Rope over 3 mm.	100 T & 480 kgs	100 T & T
Hemp Raw	545 T	545 T
Ballistics	20,000	12,000

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	<u>Bid for</u>	<u>Allocated to ACC</u>
<u>Canvas</u>	Light 896,7 Sq. Metres	897 Sq. Metres
	Medium 866 " "	866 " "
	Heavy 90 " "	90 " "
	Grey canvas 6,500 " "	6,500 " "
	1 ql. size 434,000	126,000 1 ql. size
<u>Sacks</u>	" "	" "
	" "	" "

<u>Leather</u>		
Sole Leather	67,104 kgs	67,000 kgs
Upper Leather	42,434 Sq. Ft.	40,000 Sq. Ft.
Miscellaneous Leather	300 kgs & 135 Sq. Metres	300 kgs & 135 Sq. mt.
Leather bolting	10,059.25 Metres	7,658 kgs
<u>Surplus Allocation</u>		
Sole Leather	-	10,000 kgs
Upper Leather	-	7,350 Sq. Ft.

6. Priorities for leather were set up by AFHQ as follows:-

- a. Italian Army - shoes
- b. Leather Bolting, Military and Civilian
- c. Civilian Shoes (Italian)
- d. Military Shoes (Allied Forces)

RESOURCES SECTION

1. The month's work has consisted, for the most part of sifting controlled items from the large amount of availability of all kinds which has been submitted by Rugiens. The section has been re-organised, and a card-index system instituted to deal with all inventories received. Capt. Austin, at the beginning of the month, made a journey north, but was not permitted to enter 5th or 6th Army territory. His journey uncovered much valuable information. Arrangements have since been made for his September journeys to include 5th and 6th Army territories.

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2. Tonnes of the main controlled items, submitted as availability to the Local Resources Section of HQ. and for the month are as follows:-

Calcium Carb.	1,576 tons	147 1/2
Iron	255 "	
Cement	624 "	
Lime	10 "	
Lead	95 "	
Caustic Soda	250 "	
Steel	244 "	
Brass	30 "	
Copper	2 "	

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Leather 66 tons and 86,181 Sq. Feet
Miscellaneous 900 "

3. A method of procedure is in course of preparation whereby the uncovering of availability of controlled materials will become the responsibility of the Italian Government, in ACC territory. The scheme will run parallel with that which has been prepared for dealing with civilian requirements, and when in operation, will pass over a great deal of the detail work, which is at present being handled by limited ACC staff. It is hoped that this plan will become operative during September.

4. At a Meeting of the .FLR (I) E, a resumé of its work was made. This disclosed the fact that one million five-hundred thousand tons of shipping had been saved by local availability. ACC. Commerce Sub-Commission were thanked for their efforts towards this achievement.

FUEL SECTION (P. O. L.)

1. A great deal of thought has been necessary to clear up the difficulties in which ACC and Italian Government found themselves, owing to the move to Rome, and the necessity to provide for considerable quantities of a new type of circulation permit and petrol ration card, due for use on the 1 Sept. 44. By the time a suitable firm had been found in Rome capable of undertaking the work, with the necessary raw materials, electricity supply etc., it was too late to get the printing done.

2. It was, therefore, necessary to invent a modification whereby the existing circulation permits and petrol ration cards could be extended until the end of September in such a fashion as to avoid additional printing. This has now been achieved.

3. New problems in the supply and allocation of P.O.L. to institutions first met in the Rome area continue to be encountered. Prolonged negotiations have taken place with the Vatican and the Italian Foreign Office, which controls the Diplomatic Corps, with regard to supplies to these bodies, and it is hoped that suitable arrangements will be come to within the next few days.

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FOREIGN TRADES SECTION.

1. Shipments during the month were limited to the following:-

470 tons Raw Hemp & Hemp Yarn
1569 kgs. Raw Silk & Struce

2. Quantities of briarwood, argols & wine lees, citric acid, bergamot oil and vegetable seeds are awaiting shipment. There has been difficulty in obtaining shipping and, in addition, this Section is seriously handicapped by having no Exporte Officer on the East Coast of the liberated mainland. To quote an instance alone, considerable quantities of wine lees are

available in the Apulia and are required with the utmost urgency in U.K. It is hoped to arrange collection by a group of exporters of this material, but any action is disastrously retarded by lack of personnel in the area, and, unless an Export Officer can be provided, it will be necessary to transport this material long distances for shipment from Naples or Sicily where representation is available.

3. Towards the end of the month a note was received from the Minister of Industry, Commerce, and Labour setting out proposals for the reactivation of Italian Foreign Trade organization on lines already discussed. A reply is now in preparation, and it is intended that the Italian Foreign Trade (Istituto Commercio Estero) should rapidly take on its surplus, coordination of export, trade, and control over quality of products for export.

4. Packing materials for the lemon and orange export programme are coming forward satisfactorily, with the one exception of Timber Section, Reggio Calabria, but there has been some delay in obtaining petrol. The ship "VINO" has been allocated exclusively for sea transport of timber from Reggio Calabria and Crotone to Sicilian ports, but this boat will not probably be able to move more than a total of 5000/XXXXXXXXXXXXXXXXXX tons per month. Transportation Sub-Commission indicate that the port of Vibo is not available, hence unfortunately the 5000/6000 tons of timber in the vicinity of Vibo must now be moved to Reggio or Crotone for loading.

5. The first consignment of silk cocoons from Turkey has now arrived and will be distributed to filatures for reeling. The Ministry of Supply, London, has been urged to provide additional representation for Silk Control, as it is urgent that the condition of the Central Italian industry be investigated and that action be taken to re-form a centralized Italian controlling body.

PRICE SECTION.

During August efforts were continued to enlist the participation of the Italian Government in the work of price control. But as price control is only an aspect of an economic programme embracing production, allocation, rationing, etc., progress has been temporarily slowed while we await action along ¹⁴⁷³ this line. The whole matter still remains

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covering the entire process. The whole matter still remains
urgent, however, with the necessity for action becoming more
important as the country recovers.

There is undoubtedly increasing interest on the part
of the Government toward standardizing procedures relating to
prices.
The need for some regular procedure was highlighted
during the month when the Minister himself was called upon to
meet manufacturers and A.C.C. and determine prices for the leather
trade. At this meeting, prices of both tanning extract and tanned
leather were fixed. In addition, the meeting served to re-emphasize
the need for price action in connection with all commodities.

As a result of these developments, plus a suggestion from the Allied Force Local Resources (Italian) Board that they would be interested in stabilizing prices paid for military purchases, an Interministerial Committee has been set up by the Government. It is hoped that this will form the nucleus for more extensive price work in the months to come.

The situation with respect to landed costs of imported supplies is still confused. On the one hand we are operating under a directive from AFHQ, providing in general, landed costs will be charged for civilian supplies distributed in Italy. On the other hand AFHQ has been unable to notify us as to the landed costs of many items, thus forcing us to make our own estimates. In recent months AFHQ - G-5 Section requisitions are now coming in without landed costs.

At the request of AFHQ we are compiling a complete list of items for which landed costs are lacking and further attempts will be made to secure these data.

We continued to participate in the activities of the Price Committee during the month. Few matters of importance were settled, as the Committee was undergoing a reorganization, the former chairman finishing his work and returning to the United States and a new chairman coming out.

W. P. Evlins

W. P. EVLINS
Director - Colonel
Commarco S/Com.

Distribution: 40 Copies Economic Section
2 Copies for files

JP
HEADQUARTERS
ALLIED CONTROL COMMISSION
COMMERCE SUBCOMMISSION
APO 394

*This report needs 5
card layout
when being retyped*
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WPE/jfl

Ref. ACC/5130/Com

10 August 1944

An Abridged Edition of the Monthly Report for July 1944

25 AUG Recd

In order to enable the Commerce Subcommittee to expand its scope of activity, as intended by its separation from the Industry Subcommittee, and as will be required in dealing on the broad national level with the Italian Government in its period of administrative development, a complete reorganization of the subcommittee has been made on the following lines.

1. Materials Division - composed of the following Sections:

- a. Resources Section.
- b. Requirements and Releases Section.
- c. Special Materials Section.
- d. Tobacco and Matches, Section.

(1)(i) Tobacco: Movement of tobacco, tobacco products, cigarette paper, etc., was arranged by this Section:

Total bids for movement:	680 tons.	
" tonnage receipted :	594 "	
" actual movements		
completed :	503 "	

1472

(2)(i) Matches: A programme of distribution of matches throughout Italy was laid out in discussion with the Ministry of Finance, the Consorzio Industrie Fiammiferi (C.I.F.) allowing a monthly ration of 100 matches per family to be collected on the salt ration card.

e. Availability Section. The principal efforts of this Section were directed toward obtaining the maximum amount of availability of Controlled Materials from factories and warehouses located in the newly-liberated areas of Italy. It is recognized that the use of stores of engineering materials located convenient to the operating bases of the Armies is of great interest and saves much transport and time.

f. Paper and Newsprint, Section. The stocks of paper blocked by P.W.B. were inventoried and Stock Lists with samples were prepared during the month - to be submitted to the special subcommittee which has been set up to deal with the allocation of paper other than printing paper. This has been a big task and was not completed by the end of July.

The newsprint situation has become acute and it was found necessary to call a meeting of representatives of all Rome newspapers, to explain

the situation. As a result, they appointed a committee of three and a visit was made with one of these representatives to Tiburtine Mill, Tivoli.

Considerable difficulty has been experienced owing to diversions of steamers from original ports of destination, and cargoes have been discharged at ports such as Civitavecchia and Piombino, where little warehouse accommodation is available.

G. Consumer Goods Section. The major effort of the Consumer Goods Section during the past month was devoted to the planning of a rationing scheme for textiles, clothing and shoes. The Italian Ministry of Industry, Commerce and Labour have made suggestions, which are being reviewed, and an effort is being made to put the scheme into effect as soon as possible.

2. Fuel Section. July activities of the Fuel Section have been chiefly concerned with re-establishing contact with the Italian Government in Rome and with attempts to get supplies of PCL forward in spite of an impossible transport situation resulting from lack of port facilities.

3. Foreign Trade Section. Export shipments during July were as follows:

Sulphur	1243	Tons
Hemp and Rope	1120	"
Raw Silk		4750 Kilos
Sweet Orange Oil		3772 "
Tangerine Oil		909 "
Bergamot Oil		15890 "
Pilberts	872	"
Argols	100	"

Contact has been made with the Italian Minister of Industry, Commerce and Labour and it is understood that a Directorate General of Foreign Trade is in the process of formation. Meanwhile the Italian Government has issued a decree bringing the Istituto Commercio Estero into the Ministry of Industry, Commerce and Labour.

The liberation of Ascoli Piceno and the silk centres of Marche and Umbria has brought about a changed situation. Some silk and cocoons are available in the recently-liberated areas but full information has yet to come.

4. Price Section. Activity of the Price Section in July consisted mainly of routine participation in the work of the Price Committee and in preparatory work looking toward the assumption of price control duties on the part of the Italian Government. Conferences were held with members of the Government in which we stressed the necessity for vigorous action in the fields of both prices and distribution as production for civilian use is gradually resumed. It is hoped that a strong organization can be set up that will be competent to deal successfully with each new commodity as it appears in quantity sufficiently large to make control measures feasible.

W. P. Evans

W. P. EVANS
Colonel - Director
Commerce Sub-Commission.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
COMMERCE SUB-COMMISSION
APO 394

FSC/jfl
18 AUG Recd
10 August 1944

Ref. ACC/5130/Com

MONTHLY REPORT, JULY 1944

MATERIALS DIVISION

1. The division was reorganized along supply lines, under the direction of Lt. Col. Reiter, as follows:

a. Resources Section: Major Green and Captain Austin with two civilian investigators, and one paper specialist. The functions of this section include activities on availabilities of non-subsistence materials and imports; also matters concerning paper and materials controlled by Allied Forces Local Resources (Italian) Board.

b. Requirements and Releases Section: Major Wood and two civilian assistants, this section receives all demands for controlled materials from Regions, Subcommissions, and Civilian Agencies, prepares bids ~~XXXXXXXX~~ for allocation by AFIR(I)B, and issues releases to allotted applicants from these sources.

c. Consumers Goods Section: Lt. Markov, with one civilian assistant; this section handles the finding of available stocks and distribution of textiles, clothing, shoes and similar commodities.

2. Conferences have been held with Sig. Rossetti and Cecece, Consumers Boards Division; and Sig. Scotti, Internal Trade Division; of the Ministry of Industry, Commerce and Labour, of the Italian Government, in order to develop a supply organization within this Ministry to take over the complete processing of demands for controlled materials from provincial and communal levels to the presentation of full requirements to the Materials Division of this Sub-commission, who will bid therefore at the meetings of the Committees of AFIR(I)B. This Italian Supply Group is also to take over the procurement of resources, inventories, and the issuance of releases to the individual applicants.

a. A Resources Section will similarly record availabilities, estimated production, known imports and other sources of materials, and phased monthly requirements determined by the Requirements Section.

b. An Allocation and Releases Section will, under priorities to be established, allocate, release, and arrange for delivery of materials to assigned provincial applicants.

c. A system of physical distribution of the limited supply of materials under control is to be arranged through established commercial agencies and procedures.

d. Leather Belting: In order to alleviate the critical situation in belt-

3

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d. Leather Belting: In order to alleviate the critical situation in belting for urgent civilian needs such as flour mills, threshing machines, grain elevators, etc., release of the Magaldi Factory, Buscino (Salerno) was obtained from D.W. Lt. Col. Reiter, with the consent of the Italian Government, placed the plant under the control of Sig. Simoncini, Commissioner of Leather for Region 5, for the production of belting and their assignment to specific urgent projects.

4. Tobacco: a. Movement of tobacco, tobacco products, cigarette paper, etc., was arranged by this Section:

total bids for movement:	680 tons,
" tonnage accepted:	594 "
" actual movements completed:	503 "

1473

b. Wagons were more difficult to procure during July, due to military requirements. Restrictions are expected to be lifted during August.

c. No schooner shipments of tobacco were completed during July, Sardinia is amply stocked with tobacco materials. The schooner situation is not clear, and difficulty in securing movement from Gallipoli to Catania and Palermo has been occasioned. Urgent bids for shipping are now in the hands of the Transportation Subcommittee to avoid closing down the tobacco factories at Catania and Palermo.

d. Matches: a. A programme of distribution of matches throughout Italy was laid out in discussion with the Ministry of Finance, the Consorzio Industrie Fiammiferi (C.I.F.) allowing a monthly ration of 100 matches per family to be collected on the salt ration card.

b. Estimates of match availability and distribution:

(i) Availability: Inventories 15 July 1944:

total stocks including Perugia, Rome, Naples, imported supplies:	1,352,000,000 matches
Production and imports to 1st August 1944	72,000,000 "
Total Availability	1,427,000,000 "
Distribution in Rome	37,000,000 "
Net available 1 Aug. 1944	1,390,000,000 "

(ii) Distribution: Population basis: 2,000,000 in Rome area 23,000,000 balance of Italy. On basis of 100 matches for family and Rome reduced ration, monthly, requirement equals 660,000,000 matches, or a two months' supply.

e. In the interest of conservation and equalization, the ratio of matches was reduced from 128 matches per smoker and 50 matches per person, to 75 per smoker and 25 per person. This may be revised to conform to the general distribution.

f. Prices were recommended and raised but the Price Committee rejected the increases.

g. Bids were presented for movement of matches by rail and schooner to the C.I.F. warehouses throughout Italy. Upon the final establishment of prices, instructions are to be prepared for circulation to all concerned relative to match distribution to the public.

h. Once established, C.I.F. will carry on all work in connection with matches.

AVAILABILITY SECTION

1. The principal efforts of this Section were directed toward obtaining the maximum amount of availability of Controlled Materials from factories and warehouses located in the newly-liberated areas of Italy. It is recognized that the use of stores of engineering materials located convenient to the operating bases of the Armies is of great interest and saves much transport and time.

2. An officer therefore visited the AMG 5th Army as well as several Provin-

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 bases of the Armies is of great interest and saves much transport and time.
2. An officer therefore visited HQ AMG 5th Army as well as several Provin-
 cial HQs and assisted in surveys of several major industrial stockpiles. This
 has resulted in a substantial availability ready to 8 August meeting of the
 Engineering Materials Committee AMR(I)E.
3. The investigations of special inquiries for uncontrolled materials, re-
 ceived from Local Resources Section, AMI, was made secondary to the above-
 mentioned work, and efforts will be made temporarily to defer such special in-
 vestigations, pending completion of the organization and staffing of the system
 necessary to handle Controlled Materials.
4. Civilian personnel were used to examine inventories made by Rome Region,
 MAC, Region IV and other agencies and services to extract lists of controlled
 materials for reporting availabilities to the Engineering Materials and Miscellan-
 eous Purposes Committees of the Allied Forces Local Resources (Italian) Board.

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PAPER - IMPORTS

1. Paper. The stocks of paper blocked by P.W.B. were inventoried and Stock Lists with samples were prepared during the month - to be submitted to the special sub-committee which has been set up to deal with the allocation of Paper other than Printing Paper. This has been a big task and was not completed by the end of July.

The Newsprint situation has become acute, and it was found necessary to call a meeting of Representatives of all Rome Newspapers, to explain the situation. As a result, they appointed a committee of three and a visit was made with one of these Representatives to Tiburtine Hill, Nivoli.

This mill will shortly be able to produce just sufficient Newsprint for the needs of Rome.

The situation elsewhere remains critical, due to the fact that requisitioned quantities have not arrived.

2. Imports. Considerable difficulty has been experienced owing to diversions of steamers from original ports of destination, and cargoes have been discharged at ports such as Civitavecchia and Piombino, where little warehouse accommodation is available.

Principal imports during the month have been:-

Am. Nitrate -	7927 Tons	Binder Wine	275 Tons.
Newsprint	156 "	Calcium Carbide	221 "
Lead Arsenate	62 "	Flour Bags	55 "
Printing Paper	49 "	Boat Scaff	331 "
Matches	28 "	Nails	68 "
Yellow Soap	2153 "	Fruit Wrapping Paper	32 "
Caustic Soda	1191 "	Cigarette Cover Stock	43 "

CONSUMER GOODS SECTION

1. The Consumer Goods Section of the Commerce Subcommission is handling distribution of Textiles, Clothing and Shoes for civilian consumption. These items include imports from abroad, of Italian manufacture repaired and re-dyed Class D military uniforms and shoes.

2. The major effort of this Section during the past month was devoted to the planning of a rationing scheme for textiles, clothing and shoes. The Italian Ministry of Industry, Commerce and Labour have made suggestions, which are being reviewed, and an effort is being made to put the scheme into effect as soon as possible.

3. Stocks of Textiles and Clothing were uncovered at Consorzio Italiano Manufatti which had been stored there by the Prefecture some months ago. These goods are the property of various merchants in the South of Italy, bought and paid for in the North, i.e., Milan, Turin and Prato, but were held in Rome because of lack of transport to the Southern sections of Italy and Sicily.

4. 4. 4. 3

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Am. Nitrate	7927 Tons	Singer Twine	275 tons
Newsprint	156 "	Calcium Carbide	221 "
Lead Arsenate	62 "	Flour Bags	55 "
Printing Paper	49 "	Bean Seed	331 "
Matches	28 "	Nails	68 "
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4. Regarding the question of inter-provincial commerce as regards the transport of shoes from Naples to Rome, this Subcommission is of the opinion that there should be no barriers set up against this trade, and are awaiting a policy from the Economic Section before granting permits.

REQUIREMENTS AND RELEASES

1. As envisaged in this section's last monthly report, the July meeting of the Engineering Materials Committee has shown promise of more liberal contributions towards ACC's requirements for controlled materials.

2. However, a Directive is still lacking to assist this Section in its forward planning. Demands are now increasing to such an extent as must soon

swamp the capacity of the present personnel, but reluctance is felt to increase the staff, in view of the results that could be obtained by merging with the Italian Ministry of Industry, Commerce and Labour, with whom tentative discussions have been initiated.

3. It is felt that if these discussions develop along the lines anticipated and hoped for it will prove wiser to eschew the more short-sighted course of engaging temporary Italian help.

4. This Section has refrained from re-presenting un-allocated bids for the period April - June, which bids, by agreement with HQ AII, L.R.S., have been submitted as a separate demand. As a result, generous support has been given by L.R.S. and the situation has been mitigated. However, matters will remain unsatisfactory until a Directive for future guidance is provided.

FUEL SECTION

1. July activities have been chiefly concerned with re-establishing contact with the Italian Government in Rome and with attempts to get supplies of POL forward in spite of an impossible transport situation resulting from lack of port facilities.
2. To take care of the very heavy demands of the armies and the enormous increase of civilian, particularly agricultural, consumption in recently-liberated territory, it has been necessary to freeze, and, in some cases, to cut, allocation for Southern Italy at or below June levels, and this has caused numerous complaints.
3. There is evidence, particularly in Sicily, that in spite of complaints that essential Services were being brought to a standstill through lack of POL, these Services did in fact continue to function. This appears to indicate over-estimating, hoarding, or a continuation of Black Market operations.

FOREIGN TRADE SECTION

1. Export shipments during July were as follows:

Sulphur	1243 tons	
Hemp and Rope	1120 "	
Raw Silk		4750 kilos
Sweet Orange Oil		5772 "
Tangerine Oil		909 "
Bergamot Oil		15890 "
Filberts	872 "	
Argols	100 "	

2. Foreign Trade Organization. Contact has been made with the Italian Minister of Industry, Commerce and Labour and it is understood that a Directorate General of Foreign Trade is in the process of formation. Meanwhile the Italian Government has issued a decree bringing the Istituto Commercio Estero into the Ministry of Industry, Commerce and Labour. The practical handling of export matters by I.O.C Foreign Trade Section is nevertheless still in the unsatisfactory state reported a month ago and is being daily aggravated by the increasing export

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3. Silk. The liberation of Ascoli Piceno and the silk centres of Umbria and Umbria has brought about a changed situation. The Istituto Biologico of Ascoli Piceno with its equipment is now available and the Professor Lombardi, who directed this Istituto, has visited this HQ and is at present making a tour of the Calabrian centres with Mr. Motter. The Italian Government has now modified the provisional authority given to the Cosenza Institute in order to give official recognition to the higher body. Some silk and cocoons are available in the recently-liberated areas but full information has yet to come.
4. Citrus Fruit Export Programme. The box supply situation is serious. Major Stephens and Mr. Pignella have been called from Sicily during the month for a conference at this HQ, and as a result of decisions taken during the meeting, Major Stephens will take charge, temporarily, of the Timber Section in Reggio. An additional officer, Capt. Jalbert, has been sent to assist in Reggio. Report on the situation is expected shortly.

5. Quantities of Briarwood and Bergamot Oil are ready for shipment to U.S.A. but no ship has been available up to the time of writing. Stocks of Mercury have been located in the mines of Tuscany and have been offered to ANHQ for export. New requests from abroad have been made for cork, salt, tobacco seed, meadow seed, glass insulators and wine containers.

PRICE SECTION

1. Activity in July consisted mainly of routine participation in the work of the Price Committee and in preparatory work looking toward the assumption of price control duties on the part of the Italian Government. Conferences were held with members of the Government in which we stressed the necessity for vigorous action in the fields of both prices and distribution as production for civilian use is gradually resumed. It is hoped that a strong organization can be set up that will be competent to deal successfully with each new commodity as it appears in quantity sufficiently large to make control measures feasible.

2. In our opinion, this matter should continue to be stressed to the Italian Government with all the emphasis that ACC can command.

3. Reason for this is that the number and variety of commodities that will be produced and distributed to civilians will have to increase in the future, and each of these will require detailed study with reference to production costs, prices, and methods of distribution. ACC does not have the personnel available to make these detailed studies, but we can offer assistance and advice in the establishment of the organization and must, of course, check the results. Another reason why the Italian Government should handle these matters is that they refer exclusively to relations between Italian producers and consumers. Fair and just decisions in these matters are both delicate and difficult to make, are bound to be unpopular in some quarters, and result in dissatisfaction and even resentment in others.

4. Among the commodities now in production for civilian use or about to be produced in quantities large enough to warrant control are soap, certain chemicals, refined olive oils, yeast, and some textiles. In addition, small but important tonnages of rolled steel and cement will soon be available. Needless to say, demand for these key construction materials, as well as for the other goods mentioned, will be far in excess of supply. Prices can thus easily rise to exorbitant levels and distribution become haphazard, capricious, and contrary to the best interests of Italy's reconstruction. The Italian Government should immediately prepare to allocate these scarce supplies to the most urgent and essential needs - at controlled costs and at controlled prices. To do this, the prompt establishment by the Government of a cost analysis and price department, equipped to handle a wide variety of products, is urgent.

5. Proposals relative to the prices of matches and leather were made by us to the Price Committee during the month and were rejected by that body. In rejecting the match proposals, new prices were set by the Committee which resulted in the unit prices of some matches being reduced below those prevailing on our entry into Rome.

6. As the new prices apply to existing stocks which will probably have

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6. As the new prices apply to existing stocks which will probably have to be replaced at higher costs and as, in any event, they reduce the revenues of the Italian Government, already running a huge deficit, the Minister of Finance has proposed that the existing schedule of prices be permitted to remain in force. This will be taken up with the Committee in August. The Committee refused to increase official prices for leather on the grounds that many of the materials entering into tanning costs had to be purchased at what was called "black" (really free) market prices.
7. In our opinion, this decision leaves the leather market in its present uncontrolled state with the exception of relatively small amounts that can be requisitioned by the Armies and ACC out of old stocks.

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8. It should be pointed out that cost data for practically every manu-
factured product so far submitted to us have contained important elements that
have to be purchased at free market prices, including, in many cases, even a
free market price for labour. In view of this, it is difficult to produce the
number of future industrial price proposals that we can get which will be ac-
ceptable to the Committee.

W. P. EVANS
Colonel - Director
Office of Subcommittees

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