

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

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10000/109/843
(VOL. 2)

MON
DEC

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

10000/109/843
(VOL. 2)

MONTHLY REPORT, COMMERCE S/C
DEC. 1945 - DEC. 1946

23/1/46

111

C.S.O. Folios 101-100 submitted for info.
It is rather old information but some of it is interesting.

112

Staff
12/2/46

Chief Commissioner,

1613

I think this report would interest you.

11/16/46

FEB 25 RECD

Seen by the CC 15/10
[Signature]

11/14

118

C.S.O. Folios 113-117 for information SR 11/4
Same is the report which had
been delayed. This report SR 12/4
was not compiled by Commerce S/C
until requested by this officer.

156
 Ex (copy)
 160. Commerce (Foreign Trade) Branch
 Monthly Report for August is at folios
 152-153. Passages of interest have
 been marked. 190

29. mcm. 9/9. 1910

160.
 Ex Comm. (Foreign Trade) Branch
 Monthly Report for Sept is at
 folios 157-158. Passages of
 interest have been marked.
 29. mcm. 10/10. 1910

161.
 Ex Comm. (Foreign Trade) Sub. Div.
 Monthly Report for October. Passages
 of interest have been marked.
 29. mcm. 14/11 1911

162.
 Ex Comm. (Foreign Trade) Report for
 Nov. is at 165-168. Passages
 of interest have been marked.
 29. mcm. 11/12 1912

100 10/5
 160.
 Commerce (Foreign Trade) Branch
 Monthly Report for Sept is at
 157-159. Passages of
 interest have been marked.
 G. M. C. M. 10/10. J.S. 11/10

161.
 Commerce (Foreign Trade) Branch
 Monthly Report for October. Passages
 of interest have been marked.
 G. M. C. M. 14/11 J.S. 14/11

162.
 Commerce (Foreign Trade) Branch
 Monthly Report for Nov. is at 165-168. Passages
 of interest have been marked.
 G. M. C. M. 11/12 J.S. 12/12

137
H.S. 316
bld. Ref m. 133. Please see m. 136 & folios 115 &
122. (on Commerce file)
G.M.C.M. 1/6.

Ex Comm. 140.
bld. Monthly Report for May Foreign Trade
Branch is at 138-139. Passages of interest
have been marked.
G.M.C.M. 6/6. H.S. 6/6

W/6/6

Ex Comm. 146.
bld. 141-145 is Commerce (Foreign Trade)
monthly report for June. Passages
of interest have been marked.
G.M.C.M. 15/7 H.S. 16/7

For tour. 8/12/7

151.
bld. 147-150 is Commerce (Foreign Trade)
Monthly Report for July. Passages of
interest have been marked.
G.M.C.M. 8/8. H.S. 10/8

W/12/8

122.
N.S. 12/14

C.S.O. 119-121 is Monthly Report of Commerce (Foreign Trade) etc. I don't think Ex Comm. will want to see this as he has already seen an abridged copy in draft monthly report for March. L.M.C.M. 27/4

132.

to Comm.

128-131 is monthly report of Commerce (Foreign Trade) etc. Passages of interest have been marked. L.M.C.M. 7/5. N.S. 7/5

508.

133.

C.S.O.

We should take up the case for fully with B.H.H.

Inf. Dittania through AT too.

133/26/4.

134.

Under V.P. 133. Please submit a draft Ref. min. 133. Please submit a draft letter as indicated in Ex Comm. minute 133. (plus 128 - para marked.) L.M.C.M. 27/4 and P.T.S.

OFFICE OF THE EXECUTIVE COMMISSIONER

135.

V.P. Econ Section.

Attached is Commerce file 5127/1 - Trade with Transilvania - Administration. Please refer to 20/1/57

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(Foreign Trade) &c. Passages of interest have
been marked.

marked. 2/5/15

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133

U.S.D.

We should make a list of the best for a full B. N. A.

Inf. Distance through AC-HS.

184/2618

center.

134.

P. 133. ref. min. 133. Please submit a draft letter as indicated in Ex Commos. minute 133. (folio 128 - para marked.)
Approved 15.5.

Amc Master & Cond PPS.

OFFICE OF THE EXECUTIVE COMMISSIONER

V.P. Econ Section.

135.

Attached is Commerce file 5127/T "Trade with
Tropistonia" - Administration. Please refer to 501.55
12.2 and 115. Will the action already taken be
deemed adequate?

Carl Gustaf
Gunnar (K.G.) Bruch.

136.

Ex Cond

Relief 115, 9749 to BMH. covers your requirement
in minutes 133

EWV 5/31 1610

4403. *Al*

EXGJ.COMM.

142

JAN 16 1947

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HEADQUARTERS ALLIED COMMISSION
APC 794
COMMERCE (FOREIGN TRADE) SUB-DIVISION
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Monthly Report

December 1946

Ref. AG/5127/54/Commerce

7 Jan. 1947

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MONTHLY REPORT
COMMERCE(Foreign Trade)SUB-DIVISION
DECEMBER 1946

1. VENEZIA GIULIA

In addition to a fair number of requests sent in by A.M.C. Venezia Giulia for import licenses to be cleared with the Italian Government, some compensational deals with Czechoslovakia have also been approved by the Italian Ministry of Foreign Trade.

The case of some outgoing rail-waggons held up by the Italian Customs at the Udine Province frontier station with Austria, Tarvisio, is being investigated.

These waggons carry goods destined to Austria on a compensational deal involving cellulose already imported. It is understood that the transaction has been duly authorized by A.M.C. Udine Province.

It is being ascertained whether the Italian Customs' action is determined by lack of concurrence on the part of the Italian Ministry of Foreign Trade in regard to the export of the goods concerned, or for any other reason.

2. TRADE WITH THE ITALIAN EX-COLONIES

According to instructions received from Brigadier Carr, this office is handling a request submitted by G.H.Q., M.E.L.F. to A.F.H.Q., G-5 for the procurement of machinery and spare parts for the Mogadishu Power Station and the Società Agricola Italo Coloniale, Somalia. Availability and prices of the different items are being obtained.

In order to cope with the above emergency demand with all desirable expediency, the Director of this Sub-Division went to Milan and personally called on the manufacturers getting from them quotations; as no replies have been received yet from manufacturers in Genoa it may be necessary for him to go up there in a few days time.

170

-2-

Major Jesman, of B.M.A. Dodecanese has been here from Rhodes and is leaving on the 8 January 1947.

His assignments were to procure a certain quantity of cigarette machines tapes, some special glue, electric lamps, machinery spare parts for the TEMI factory at Rhodes.

Furthermore, to look into the possibility of getting the Italian Monopoly to take over the whole exportable surplus for 1946-47 of tobaccos from Rhodes, on a clearing account arrangement (to be balanced with some kinds of Italian grown tobaccos and other Italian products).

Dealings are being carried on satisfactorily with the Italian Monopoly and other Italian Authorities.

This office has been giving its assistance and advice, as requested by BMA Dodecanese.

Following the first enquiry made and answered in October 1946, BMA Tripolitania has asked this Sub-Division to be active on the procurement of some quantities of tobacco seed.

Confirmation of availability and prices, as submitted at the time to BMA Tripolitania, is being asked for, through I.C.E., Istituto Commercio Estero, and if obtained, the goods will be shipped by air, under this H.Q. sponsorship.

R.E. HORN

Lt. Col.

Commerce (For. Trade) S/Div.

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HEADQUARTERS ALLIED COMMISSION
APO 794
COMMERCE (FOREIGN TRADE) SUB-DIVISION

Monthly Report

November 1946

W.F.AC/5127/54/Commerce

6 Dec. 1946

EC Distribution

- 1 - EC
- 1 - P.R.O.
- 1 - Fr. Rep.
- 1 - Bureau of
- 1 - Working Group

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MONTHLY REPORT
COMMERCE (FOREIGN TRADE) SUB-MISSION
November 1946

167

1. VENEZIA GIULIA

A request has been received from AMG Venezia Giulia to obtain urgently through the Ministry of Industry and Commerce a reasonable supply of window glass to meet the essential requirements of Trieste, Gorizia and Pola Areas.

The Ministry, while pressing the Italian manufacturers a solicitation to this purpose, do not anticipate any appreciable results. Their suggestion is that AMG should try to procure this glass through commercial imports.

At the War Office's request and in connection with a Board of Trade Mission's tour in Italy in order to purchase furniture, AMG Venezia Giulia has been contacted in order to ascertain whether a trip to Trieste also would be advisable. The project having met with AMG, V.G.'s keen support, a visit to Trieste has been paid by the Board of Trade's Mission. It is understood though that no orders could be placed in this area, but negotiations are being put through with manufacturers in Lombardy.

2. TRADE WITH THE ITALIAN EX-COLONIES.

B.M.A., Tripolitania have sent to Italy Capt. Browne, Industry and Price Control Officer, to effect purchases of cotton yarn and cloth for 1946 requirements, payment to be effected in sterling, and to enter dealings with manufacturers for the 1947 programme of procurement of textiles. With concurrence from the British Embassy, the Ministry of Foreign Trade has been contacted, and a preliminary approval obtained. Col. Horn and Capt. Browne went to Milan, where a quantity of cloth required (450,000 metres) has been procured and shipped.

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The possibility of obtaining yarn, production of which appears to be entirely absorbed by processing orders, is still being investigated.

Another operation for which this Sub-Division's assistance has been asked for by BMA, Tripolitania is the proposed export to Italy of 45,000 sheep which is rendered necessary by a most severe drought in Tripolitania.

Payment in Sterling, has been indicated by BMA, Tripolitania, to which the Italian Ministry of Foreign Trade object, in view of the scarcity of Italian sterling credits. The matter is still being discussed, with the assistance of Professor Marioni, the director of BMA's Agricultural Department ("Consorzio Agrario"), whom BMA have sent to Rome under this assignment.

An urgent request has been received from BMA Edessa for the procurement of a certain quantity of cigarette machines tapes for the TMT factory at Rhodes. Payment to be effected in sterling. The trade has been contacted through ICB, Istituto Commerciale Estero. Offer obtained has been transmitted to BMA, Rhodes.

3. RESERVED COMMODITIES
CHANGED IN CONTROLLED LIST

"Seeds" (item No. 12 of List I) have been taken off the List of Reserved Commodities controlled by the International Emergency Food Council. This applies to: "Alfalfa, red clover, white clover, alsike clover, and Kentucky bluegrass". Thus the entire range of seeds has been de-controlled.

4. PROCUREMENT OF SUPPLIES FOR ALLIED FORCES OUTSIDE
OF ITALY.

At the request of this Division a meeting was held under the chairmanship of Col. Walbrich, to discuss the procurement of supplies for Allied Forces in Austria and Germany, present were representatives of the American and British Embassies. Both Governments were considering how these goods should be paid for, and

the U.S. representative has submitted a draft plan.
The British Embassy has referred the matter back
to London. A.F.M.O., G-5 have been informed.

R.E. HOHN

Lt. Col.

Commerce (Per. Trade) S/Hiv.

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HEADQUARTERS ALLIED COMMISSION
ATO 794
COM ENCE (FOREIGN TRADE) SUB-DIVISION

Monthly Report

October 1946

Ref. AC/5127/54/Commerce
12 Nov. 1946

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MONTHLY REPORT
COMMERCE (FOREIGN TRADE) SUB-DIVISION
October 1946

1. GENERAL

During October, AMG Venezia Giulia sent in a fair number of requests for import licences for onward transmission to the Italian Government. The problem of the assignment of Italian produced sugar to the industries in Venezia Giulia and Udine Province has also been discussed. In agreement with AMG Venezia Giulia, Udine Province Supplies Sub-Division, and the Italian Ministry of Industry and Commerce advance allocations have been obtained.

The matter of safe transportation from sugar mills to factory and of distribution, will be the responsibility of the AMG.

2. TRADE WITH THE ITALIAN EX-COLONIES

Trade between Italy and the ex-colonies has not shown any signs of development during this month. It is anticipated that some decisions will be taken in the near future by the Italian Government to improve the situation already outlined in the preceding Monthly Report. A request for the supply of cotton yarn from Italy to Tripolitania has been received from FMA Tripoli and necessary steps have been taken to obtain an export licence from the Ministry of Foreign Trade.

3. RESERVED COMMODITIES

(1) Changes in Controlled List

"Dairy Products" have been taken off the List of Reserved Commodities controlled by the International Emergency Food Council.

164

- 2 -

This applies to the following commodities: butter, cheese, natural and processed, milk, evaporated, dried whole, sweetened condensed, roller skim and spray skim.

4. PROCUREMENT OF SUPPLIES FOR ALLIED FORCES OUTSIDE OF ITALY

The problem of payment for these exports has been discussed with the USA Embassy and a meeting has been called for November 7th, which will be attended by representatives of the British and of the American Embassy.

5. OUTSTANDING INVOICES ON AC CONTRACTS

A number of invoices mostly for shipping charges etc. relative to export-contracts made by AC prior to 1 August 1945 have been submitted to this Sub-Division for screening and certification as required by a Decree of the Italian Government.

R.E.H.
R.E. HORN
Lt. Col.
Commerce (For. Trade) S/Div.

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Economic Section

159

EXCE. COMM.

OCT 10 1946

HEADQUARTERS ALLIED COMMISSION
APO 794
COMMERCE (FOREIGN TRADE) BRANCH

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Monthly Report

September 1946

Ref. AC/5127/54/Commerce 4 Oct. 1946

EC DIST - 10/10/46

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(J/comm m.m.)

158

MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
September 1946

1. GENERAL

There is very little to report this month. AMG 13 Corps has sent in a fair number of requests for import licences for onward transmission to the Italian Government. Requests have been received from areas under British Military Administration for the supply of various goods ranging from school text books to spare parts for the Mogadishu power station.

2. TRADE WITH THE ITALIAN EX-COLONIES

As far as bilateral trade between Italy and the ex-colonies is concerned, this does not seem to have developed upon the lines expected, when it was decided to introduce private trade, with payment in sterling. The result has been almost complete stoppage of imports because of the necessity for Italian importers to buy sterling at current market rates, which to-day stands at Lit.2030 to the pound sterling. It has been suggested to the Italian Government that sterling or sterling credits be put at the disposal of importers at the official rate of exchange.

3. RESERVED COMMODITIES

(1) Changes in Controlled List

It was announced in "Il Globo" early in the month that Raw and Refined Sugar and Molasses had been decontrolled. AMG 13 Corps brought the matter to the attention of this Headquarters. Investigation showed that this had been the

- 2 -

result of a mistake on the part of an Italian Government Department. These essential items continue to be controlled by the International Emergency Food Council, which is the successor to the Combined Food Board.

The following commodities however were decolled
viz. Syrup, Honey, Manufactured Food containing sugar,
dried Fruit and all seeds not on List I.

(ii) Import into Venezia Giulia

In the matter of a request by AMG 13 Corps for permission to import 90 tons of resin which is controlled by the Resin Board, London, AFHQ ruled that the Italian Government should make an application to the Resin Board for an allocation to Venezia Giulia. It was ruled however, that all requirements for Reserved Commodities over and above the Disposal and Harvest programme, should be channeled through to the Combined Chiefs of Staff, Washington.

4. ITALIAN GOVERNMENT IMPORT REGULATIONS

During the month the Italian Government decided to amend the import regulations regarding imports "franco valuta". It is now possible to import in this manner, only if the consignor overseas is willing to accept payment in lire, deposited in a blocked account in Italy, spendable only in Italy, or, if the funds used overseas belong to Italian citizens who are not obliged by law to renounce such funds to the Italian Government.

G.A.F. ROTNEY
Maj. Lincoln
Director
Commerce (For. Trade) Branch

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SEP 9 1946

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HEADQUARTERS ALLIED COMMISSION
APO 794
COMMERCE (FOREIGN TRADE) BRANCH
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M o n t h l y R e p o r t

August 1946

Ref. AC/5127/54/Commerce

4 Sept. 1946

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See m-156

MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
August 1946

1. GENERAL

During the month under review, the work of the Branch has continued to be directed into two main channels - Venezia Giulia (Zone A) trade and problems relating to the British Occupied Territories in Africa. There have been, as is customary, many business visitors who have been redirected to the appropriate section of the Italian Ministry concerned. The Italian Government has requested the help of the A.C. with regard to many diverse items ranging from the import of carbon black from Germany to claims to assets abroad. Certain changes took place in the Reserved Commodity Lists of the Combined Boards, Washington.

2. ITALIAN ASSETS IN GERMANY

The Italian Ministry of Industry and Commerce has, from time to time, sent to Allied Commission requests for assistance in obtaining certain assets, mainly in the nature of fixed assets, contracted for by Italian firms with German manufacturers. In most cases settlement had been effected, but delivery not taken. In line with the general policy of giving assistance to the Italian Government when and wherever possible, the appropriate military authority in Germany, has been contacted. These requests have shown a tendency to increase of late with the result that it was necessary to seek a ruling as to A.C.'s attitude in such matters. It was discovered, after an examination of correspondence with AFHQ that it had been laid down that all Italian claims to assets in Austria and Germany would be passed by the Italian Government to the

- 2 -

Embassy of the military authority concerned. The Ministry of Industry and Commerce were therefore requested to direct its requests into these channels.

3. VENEZIA GIULIA TRADE

Much liaison work with the Ministry of Foreign Trade has been done, mainly in relation to import permits both for controlled and incontrolled goods required by Venezia Giulia, Zone A, trade with Zone B and Yugoslavia. The licencing system is now proceeding more smoothly. Several matters of Italian trade policy were clarified for the Commerce Division, including trade with Turkey. AFHQ was written asking for some action to be taken in relation to the import of rosin into Zone A, which is controlled by the Rosin Board of London.

4. OCCUPIED TERRITORIES

A letter was received towards the end of the month from AFHQ requesting this Branch to clear, with the Italian Government, the export of replacement parts for the Mogadishu Power Station. This matter has been taken up with the Ministry of Foreign Trade and is being kept constantly under review until a decision is received.

5. CONTROLLED ITEMS

During the month raisins and dates were removed from the Combined Food Board's Reserved Commodity List.

Pepper and spices are now importable from the Dutch East Indies, without a licence from Washington. Cinnamon quills and Cinnamon chips were also decontrolled.

152

- 3 -

The Hides, Skins and Leather committee controlling world allocation of these commodities has been dissolved.

6. PAYMENTS FOR A.C. EXPORTS

This Branch is still receiving requests for assistance from exporters, for payment of invoices for goods exported by Allied Commission, and not paid for by 31 July 45. From this date the Italian Government was instructed to take over the payment of outstanding amounts.

7. TRADE STATISTICS

Assistance has been given by this Branch to the American Embassy, in the compilation of statistics of Italian imports.

[Handwritten signature]
C.A.F. ROTHEY
Maj. Lincoln
Director
Commerce (For Trade) Branch

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AUG 8 1946

HEADQUARTERS ALLIED COMMISSION
APO 794
COMMERCE (FOREIGN TRADE) BRANCH

Monthly Report

July 1946

Ref. AC/5127/54/Commerce 6 Aug. 1946

EC DIST 27/2/46

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Ann. Emb.
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(J/COA MC)

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MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
July 1946

1. GENERAL

During the month, this Branch has been mainly occupied with Military exports, trade with Italian ex-colonies and the economic policy of Venezia Giulia. A fair amount of "clearing up" work has been done, mainly in connection with the export functions of the old Commerce Sub Commission. The staff of this Branch has now been re-organised at an irreducible minimum, for the work which still remains to be done.

2. MILITARY EXPORTS

A request was received by Alcom from the Ministry of Foreign Affairs asking for clarification of the following points:

- (a) the amount of credits accrued to date to the Italian Government from such exports;
- (b) the goods and quantities involved together with dates of export.

Consequently, a letter was sent to Allied Supply Accounting Agency requesting this information. Further, the present situation was outlined in a letter addressed to G-5 Section Allied Force Headquarters and suggestions made regarding the future conduct of such exports together with payment. So far nothing more has been heard.

148

- 2 -

In the matter of military exports, it is known that a meeting was held about the middle of the month at the American Embassy, to discuss payments for exports to the U.S. Armed Forces in Austria and Germany, and that a signal was sent off, by the Embassy to the Secretary of State, asking that payment for such exports be made in dollars. The same request was made in Alcoms letter to A.F.H.Q.

3. BRITISH OCCUPIED TERRITORIES

As a result of a letter received from Civil Affairs, Cairo, and discussions held with the Ministry of Foreign Trade in June, the views of the Italian Government regarding trade between Tripolitania, Eritrea and Cyrenaica were submitted to the respective Military Administrations. The position to-day regarding trade between Italy and her former colonies is that it can be done on a merchant basis. Compensation trade, never satisfactory, has been dispensed with, and payment will be made in sterling. As far as imports into and exports from Italy are concerned, the same control as is applied to all other countries not having a trade agreement, will be supplied. The Military Administrations have been supplied with full information regarding the type of controls in force in Italy, and the goods which they affect. Information as to controls in force, in the ex colonies, together with lists of goods to which they refer, have been requested, for onward transmission to the Italian Government. This information will be published in the "Bollettino di Informazioni del Commercio Estero" so that Italian merchants may acquaint themselves with the conditions under which trade can be conducted. One point which is still awaiting clarification is that of Customs procedure.

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147

- 3 -

The Italian Preference system for the areas under consideration is still in force, and naturally, the Italian Government wants to know whether the reciprocal system of preferences can be maintained.

4. VENEZIA GIULIA

There has been a fair amount of clarification work done this month, in respect of the import of Reserved Commodities and the implementation of the agreement between the Italian Government and AMG for the control of foreign trade.

It is to be hoped that from henceforth, the Trade Agreement will be taken into operation by AMG.13 Corps as authorised by A.F.H.C. and that the financial arrangements made in agreement with the Italian Government in May last, will not be subject to further attempts of unilateral modification.

5. TRADE WITH GERMANY

During the month several requests were received from the Italian Government regarding the import from Germany of special items, such as steel and alternators for the electrical plant under construction at Clorenza by Montecatini. These requests have been passed on to the appropriate Allied Authority in Germany, and replies are awaited.

[Signature]
G.A.C. TORNEY
Maj. Lincoln
Director
Commerce (For. Trade) Branch

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JUL 12 1946

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

HEADQUARTERS ALLIED COMMISSION

AFC 704

COMMERCE (FOREIGN TRADE) BRANCH

M o n t h l y R e p o r t

June 1946

Ref: AC/5127/54/Commerce

9 July 1946

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

EC DIST - 12 July

see M.146

- 1-EC
- 6-PR. Br
- 1-MIL. ALE Am. Com.
- 1-PR. Rep.

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(1/COAR MC)

144

MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
June 1946

1. GENERAL

During the month under review, the amount of work to be done seems to have followed an inconsistently upward trend. Much labour has been spent on Occupied Territories, Venezia Giulia and military exports.

2. TRADE WITH OCCUPIED TERRITORIES

During the month the Director had a discussion with Dott. Colombo of the Ministry of Foreign Trade where the point of view of the Italian Government regarding the suggestions received from Civil Affairs Cairo through B.E.A. Tripolitania for the conduct of trade between Italy and the Occupied Territories was crystallised. Italy is anxious to resume, on as full a scale as possible, her trade with the former colonies. Many items of importance in the raw material and food economy of Italy are available from these areas. Tunny from North Africa, hides, gum nuts, and other local produce from Eritrea and Somaliland. Conversely, Italy has many things which are wanted in these areas - textiles, fishing gear and nets, and other manufactured articles. The opening of private trade between Italy and these areas will provide another definite step forward in the revival of the Italian economy.

3. MIXED COMMITTEE - FOREIGN TRADE

The elections influenced adversely the number of meetings, the Minister and Under-Secretary being occupied first with the election itself, and subsequently, its results. The question of Italy's need for industrial sugar still remains to be solved, if an enormous quantity of fruit is not to go to waste. Alcom suggested three possible ways of obtaining this sugar and subsequent industrial employment:

143

- 2 -

- (a) Temporary imports - the sugar being imported from a given country for the manufacture of liquors, preserves etc. and these products being re-exported containing the original quantity of sugar imported.
- (b) Loans from other countries out of stocks or allocations, to be repaid from Italy's beet sugar production in October and November.
- (c) Sub-allocations from UNRRA e.g.1 part deficiencies.

The first of these methods has finally been adopted, and the Italian Government has published its intention to industrialists. The second is under considerations by C.F.B. UNRRA and the Embassies having agreed to support the Italian Government request made through its Technical Delegation. The third seems to be impossible. UNRRA stated that deficiencies in their imports is due only to non-availability of the sugar. This, in the light of reports of offers received by Italian importers seems to be an official but not an actual shortage.

It would seem that the import of P.O.L. products by private enterprise has been successfully smothered by the proviso that distribution must be made through C.I.P. Big business is, it seems, just as powerful as ever.

4. MILITARY EXPORTS

Alcom (Foreign Trade Section) was again jerked out of its process of quietly retiring by a call for help coming from USFA who, having a contract for the supply of fruit and vegetables, found itself unable to take delivery. The merchandise was stopped by the Italian Customs as the exporter could not produce the necessary *bonestaro bancario* to claim an export permit. If Alcom had been left to solve this problem of military exports it is quite probable that by now, a system would have been established acceptable both to MTOUSA and the Italian Government. Everything possible

158C

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has been done at the moment to see the US troops do not go short of these fresh fruits and vegetables. The Italian Government has issued a provisional export permit for six weeks of the three months supply contracted for, requesting in the meantime a clarification of the method and payment for military exports.

5. VENEZIA GIULIA

A.M.G. 13 Corps does not seem to be able to make up its mind on how the trade-agreement, believed to have been settled some time ago, should be implemented. Clarification correspondence is still passing. There is also the matter of trade between Zones A and B, also believed to have been settled during the last visit of the Italian Government representative. The Ministry of Foreign Trade is much disturbed by the fact that AMG 13 Corps seem to have issued an entirely contrary set of instructions. Foreign Trade Branch is endeavouring to straighten the matter out.

Another matter which caused no small consternation was the news that Commerce Division, under instructions from Economic Section AMG 13 Corps were gaily issuing licences for the import of sugar into Venezia Giulia without authority of any kind. This, came as a shock to those here in Rome whose strenuous battlings on behalf of the Italian Government for the import of very badly needed sugar, had resulted only in the rather nebulous concession of temporary imports and the insistence on the necessity, rightly so, to submit to central allocation by CFC Washington. The licences granted has been cancelled and the matter is under review.

With regard to the Italian Government's requirements of R.C.L. items, the latest ruling seems to be that, requests for allocations over and above the UNRRA programme must be made by the Government to UNRRA. Thus the intention expressed in TAM 743 to permit the Italian Government to

- 4 -

141

apply direct through its Technical Delegation in Washington and to remove control, formerly exercised by Alcom, has been reversed. Such is progress.

G.A.P. ROTHEY
Maj. Lincoln
Director
Commerce (For. Trade) Branch

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Commerce Section 139
Exec. Comm.

JUN 5 1946

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

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) BRANCH

M o n t h l y R e p o r t
may 1946

Ref. AG/5127/54/Commerce 4 June 1946

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

EC DIST. 6 June

- 1- RC
- 6- PROR
- 1- Mil attach ¹⁵⁸³
- 1- Fr. Rep.

PAG 4
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See M140

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138

MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
May 1946

1. ADVISORY JOINT COMMITTEE

Subsequent to the handing over, by Alcom, of its last remaining foreign trade function, a Working Group has been established to advise the Italian Government on foreign trade matters. The Committee, which is advisory, contains representatives of various Ministries such as Foreign Affairs, Industry and Commerce and Foreign Trade, and representatives of the British and American Embassy, UNRRA and Alcom.

Three meetings have been held to-date. The first dealt with the structure and functions of the Committee, and it was decided that the Committee would be informal, and its functions, consultative and of a co-ordinating nature. Meetings are held weekly at the Ministry of Foreign Trade.

2. EXPORTS TO GERMANY

About the middle of this month Alcom passed over to the U.S. Embassy the care of the negotiations initiated with the representatives of the U.S. Military Government in Berlin.

3. TRADE WITH BRITISH OCCUPIED TERRITORIES

This Branch has been attempting to put trade between Italy and Tripolitania on an easier basis, and to this end, initiated negotiations (see last month's report) between the representatives of BMA Tripolitania and the Italian Government. It was agreed that a system be set up to peddle compensation deals. After this had been agreed,

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a letter was received from BMA Tripolitania, enclosing a copy of a letter from Civil Affairs Branch, Cairo, which defined the procedure for trade between Italy and her ex-colonies (occupied territories). This procedure was submitted to the Italian Government for its comments and a reply is awaited for onward transmission to British Military Administration, Tripolitania. The effect of the new system, is that normal trade between Italy and occupied territories (Eritrea, Cyrenaica, Tripolitania) may be carried on between traders resident in these areas and Italy, provided settlement is effected in sterling through London. Future trade will not therefore be based on compensations. There is no doubt that from the moment that the new system is introduced, trade between Italy and these areas, will have a much better chance to operate. Up till now, as stated in last months report, the dual shackles of barter and bureaucratic control have resulted in little or no trade.

In connection with the proposed opening up of private trade on a normal value basis, the question of visits of business men between Italy and the occupied territories has been pursued by Alcom with AFHQ and by this latter HQ., with Tripolitania. It is hoped that BMA, Tripolitania will modify a somewhat intransigent attitude on the question of permitting the entry of business men and property owners from Italy.

C. A. P. ROTHELY
Maj. General
Director
Commerce (For. Trade) Branch

4403 *Personnel Section*
Spec. Comm. 13

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HEADQUARTERS ALLIED COMMISSION
AFO 394
COMMISSION (FOREIGN TRADE) BRANCH

Continually Reported

April 1946

Ref: AC/5107/54/Commerce 3 May 1946

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HEADQUARTERS ALLIED COMMISSION
AFO 394
COMMISSION (FOREIGN TRADE) BRANCH

Continually Report

April 1946

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MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
April 1946

1. GENERAL

This month has seen another major change in the functions of Commerce (Foreign Trade) Branch. ALCOM is no longer responsible for the screening of Reserved Commodity list items. Thus, the last act in the relinquishment of A.C. control over Italian foreign trade has been completed.

Another event of outstanding importance this month has been the negotiations with representatives of the Military Government of the American Occupied Zone in Germany, for the supply of Italian goods to the German civilian population.

The question of the method of payment for supplies purchased by military units outside this theatre came to a head, and the matter has been referred to A.F.H.Q. G-5 for decision.

2. RESERVED COMMODITY ITEMS

At the beginning of the month a signal was received from Washington which notified ALCOM that Commerce Sub-Commission would terminate its functions in relation to Italian requirements for R.C.L. items when notified through diplomatic channels as to what procedure was to be adopted.

ALCOM was subsequently informed by the U.S. and U.K. Embassies that notification had been received from their respective Governments that ALCOM would relinquish its R.C.L. function at a date to be determined by ALCOM. A meeting was held between ALCOM and representatives of the two Embassies, on the 5th April, to discuss the policy to be adopted. As a result the two Embassies decided to pass their Note Verbale to the Italian Prime Minister, informing him of the decision of the U.S. and U.K. Governments and that ALCOM would be notifying the Italian Government of the exact date when it would relinquish the R.C.L. function. The date of relinquishment was fixed at 21 April 1946. In a letter sent to the Italian Prime

380

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- 2 -

3. EXPORTS TO GERMANY

Brig. Gen. Draper and Col. Hall U.S. Group of Military Government U.S. Zone Germany, visited this Headquarters to discuss the possibility of exchanges of goods between the occupied American zone in Germany and Italy. The imports into this zone from Italy are intended for the civilian population. The Director of this Branch had already discussed with the Italian Government the possibility of the export to Austria and Germany of the surplus fruit crop of Northern Italy, and General Draper was asked if it would be possible to discuss this problem. The General explained that, as he was buying for the civilian population, he was more interested in calories than vitamins. However, there was the possibility of selling to the American occupation troops (see para 4). So far, no further news of developments regarding the proposed exchanges has been received, and owing to telephonic communications being so bad, it has been difficult to get through to Berlin to ascertain the present actual situation.

General Draper and Col. Hall had a meeting with the Minister of Foreign Trade which the Director of this Branch attended. The Italian Government wanted to know whether Germany could supply certain goods normally imported from that country prior to the war. It was agreed that a certain limited amount of reciprocal trade could be done. The system as to how this trade could be carried out was discussed and it was decided that the Italian Government would be credited in dollars. General Draper stated that this account would be used as a type of "clearing" and Italy would have to undertake to use the dollar credit to offset imports from Germany debiting the account with the value of these imports. It was agreed that a representative of the American Military Government in Berlin would come to Rome or that Representatives of the Italian Government would go to Berlin to fix the final details of the exchange. The Ministry of Foreign Trade agreed to write a letter to U.S.G. Berlin setting out the Italian proposals.

4. SUPPLIES TO AMERICAN ARMED FORCES

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4. SUPPLIES TO AMERICAN ARMED FORCES

As a result of the visit of Brig. General Draper to Rome and the opening of the question of supplies to the American Armed Forces outside this theatre, it was learned that the occupation troops in Austria and Germany have been in the habit of buying supplies from Italian merchants, and paying in lire. This raised the question as to whether these payments were debited against the costs of occupation for Allied Forces in Italy. It appeared that this

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- 3 -

was the case and it was obviously unjust that such an arrangement should continue. Awaiting a clarification of the situation, and going upon the past directives of AFHQ - G5 regarding purchases by occupation troops outside of this theatre, all payments were temporarily suspended. The Director of Finance Branch took the matter up, requesting a clarification and directive from the Combined Chiefs of Staff.

5. TRIPOLITANIA

Major Te Vella Clary arrived from B.M.A. Tripolitania. One of the objects of his visit was to discuss trade between Tripolitania and Italy. This trade has always been difficult because of the tight control exercised by the Authorities there which complicated a difficult system of compensation already made difficult by R.C.I. and Italian Government controls. The result of this visit was a discussion with the Ministry of Foreign Trade. This Branch requested that an effort should be made to approximate trading conditions to private trade. It was suggested that a clearing account to be set up together with two control offices, one by BMA and the other by the Italian Government. It was decided that I.C.E. would act as the Italian office. The suggestions were cabled to BMA and a reply is now awaited.

* (One unfortunate obstacle to the resumption of private trade is the difficulty of obtaining permits for business men to go to Tripolitania. It is hoped that this state of affairs can be ameliorated.)

G.A.P. ROTHY
Capt. Lincoln
Director

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C. A. F. ROTHBY
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G.A.F. ROTHBY
Capt. Lincoln
Director
Commerce (For. Trade) Branch

APR 30 1946

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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) BRANCH

Monthly Report

March 1946

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April 1946

CONFIDENTIAL

1577

EC DIST. 1 May

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) BRANCH

Monthly Report

March 1946

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April 1946

CONFIDENTIAL

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MONTHLY REPORT
COMMERCE (FOREIGN TRADE) BRANCH
March 1946

1. GENERAL

During the month under review this Branch has been engaged mainly upon the Italian Government program of import requirements of reserved commodities, which on information received from the Combined Board Washington, had to be prepared so that an allocation over and above the amounts supplied by UNRRA could be made to Italy for the balance of 1946.

Following the directive from APO, a system was worked out to include Zone A Venezia Giulia in the foreign trade system of the rest of Italy.

A representative of the Italian Government went to Washington to submit a statement of Italian Cotton Textile productive capacity, so that the Combined Board could include this capacity in the supplying of world needs.

2. TRADE NEGOTIATIONS WITH FOREIGN COUNTRIES

A commercial contract was signed between Italy and Denmark. This is a "clearing agreement" and comes into effect on the 1st April. It will be effective for six months. The proposed imports into Italy include fish (dry salted cod), machinery, Diesel motors. The exports are the normal ones, such as agrumous fruits and juices, textiles, wines, chemicals, marble and various mechanical industrial products.

During the month trade discussions took place between representatives of the Czechoslovakian and Italian Governments.

Arrangements were being made for invitation to Rome of Polish Commercial Delegates from Warsaw.

3. RESERVED COMMODITY LISTS

During the month there was no change in the items included in

1578

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3. RESERVED COMMODITY LISTS

During the month there was no change in the items included in these lists.

The Italian Government in conjunction with UNRRA prepared a program of import requirements of reserved commodities for the balance of 1946 over and above UNRRA supplies. By the end of the month, information had been received from the Italian Ministry concerned, and this Sub-Commission was thereby enabled to forward to Washington an Airgram requesting the allocation demanded.

4. ITALIAN COTTON PROGRAM

Discussions were held during the month with representatives of the Combined Boards, representatives of the Italian Government, UNRRA, and Commerce Sub-Commission, on the subject of Italian cotton textiles exports. This was necessitated by a request from Washington that Italy should state her total cotton textile productive capacity, in order to take part in the supplying of areas where the greatest need existed, thus taking her place alongside the other great textile producing countries such as the United States and Great Britain. The authorizing of the export of cotton textiles to Egypt and the Western Hemisphere, continued to remain in abeyance, but it was explained to the Italian Government that the suspension of such authority was only temporary. Until a world supply program was defined. It is expected that Italy will receive shortly a quota for the areas in question.

5. EXPORTS TO GERMANY

A meeting was held between this Sub-Commission, Representatives and the Fruit Growers Association, and Representatives of the Ministry of Foreign Trade. The Fruit Growers came to Rome under the auspices of the Verona Chamber of Commerce. The possibility of exporting deciduous fruits to the pre-war markets was discussed, also the possibility of handling the coming season's crop. Germany before the war, normally took about half of the Northern Italian crop and the delegation sought information as to the possibilities of reopening that market this year. They stated that quick action was necessary if much of the fruit was to be saved from rotting. The associating delegates stated that the necessary means of transport could be arranged, at least as far as the national frontier.

It was pointed out by this Sub-Commission, that exports for normal civilian requirements could not be viewed with a great deal of hope. It appeared possible however that the suggestion, to supply the Armed Forces in German occupied zones, might be possible. This Sub-Commission promised to contact the appropriate organizations.

6. ITALIAN GOVERNMENT FOREIGN TRADE DECREE

As a result of Foreign Trade Congress held in Milan this month, the Council of Ministers decided to pass a new decree giving exporters 20 % of the foreign currency, resulting from their exports. Thereby

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6. ITALIAN GOVERNMENT FOREIGN TRADE DECREE

1573

As a result of Foreign Trade Congress held in Milan this month, the Council of Ministers decided to pass a new decree giving exporters 50 % of the foreign currency, resulting from their exports. Thereby the Italian exporter is enabled to use this 50 % to purchase raw materials or other goods. It is not necessary however, for the exporter to use this credit, as he is permitted to transfer it to a third party.

- 3 -

It must be used within 90 days of allocation, otherwise it reverts to the Treasury.

The decree contains two lists of merchandise. One list is merchandise freely importable, subject only to a Customs Import Licence, the other is subject to licences issued by the Ministry of Foreign Trade. No reserved commodities are included in this second list.

The concession applies only to exports to "free currency" countries which is interpreted by this Sub-Commission to mean those countries where trade can be carried on without the necessity of a "clearing agreement". Thus Austria, for example, (where a Compensation Trade agreement exists, owing to the impossibility of international Austrian and Italian currency) is excluded. The decree became effective on 21st March. As a result of this decree, compensation trade between Italy and the countries having a free foreign currency are no longer operated. "Free" means universally accepted currency such as dollars which can be used to buy goods in any country for shipment to any other country in the world. However licences issued for compensation deals with such countries before the operative date of this law decree, will be allowed to be executed.

The main effect of the new decree will be that Italian manufacturers will be able to buy the raw material required to rearm stockpiles without the necessity of applying to the Government for allocation of foreign currency, or the necessity of relying upon the imports of raw materials through other means such as "Lavorazioni per conto" or "senza valuta". Thus the supply of raw materials to industry, will approximate to more normal economic procedure. Further the new decree will assist Italian exports, in that it will tend to reduce prices. The manufacturers will be able to sell foreign credit, and owing to the differences existing between Italian internal and world price levels, importers are disposed to pay much more for dollar credits than the official rate of exchange. It is known that dollar credits resulting from exports have already rasold at 105 lire for each dollar. Thus the total receipts in lire will be higher than before. Thus, in order to compete more

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7. EXPORTS

Pictures for the month of March are not yet available. Details of February shipments have now been received and are given hereunder. Gross weight total of approximately 26,000 tons of goods was exported from Italy during February, as against 5,000 tons during January. The total value amounted to approximately 9 million dollars. This represented a considerable increase over January shipments whose total was about 1,140,000 dollars.

- 4 -

8. VENEZIA GIULIA

Following the directive received from AFHQ that, as far as Italian internal and foreign trade is concerned, Venezia Giulia Zone A, should be treated in exactly the same way as that area of Italy under the administration of the Italian Government, a conference was held at the beginning of the month in Trieste, between representatives of Finance Branch and Commerce (Foreign Trade) Branch, Commerce Division AFHQ XIII Corps, and the Italian Ministries of Foreign Trade and Finances.

As a result of these discussions a system was worked out and submitted to AFHQ and to the Italian Government. The replies from these two authorities are now awaited prior to the official putting into force of the system.

G...T. ROTHLY
Capt. Lincoln
Director
Commerce (For. Trade) Branch

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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION

APC 394

Commerce (Foreign Trade) Sub-Commission

Monthly Report

February 1946

Ref : AC/5127/54/Commerce 23 March 1946

CONFIDENTIAL

1572

CONFIDENTIAL

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

Monthly Report

February 1946

Ref : AC/5127/54/Commerce

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CONFIDENTIAL

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HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) BRANCH

REPORT FOR MONTH OF FEBRUARY 1946

1. GENERAL

On 15th February 1946 private trade was reestablished between Italy and all countries except Germany, Japan, Manchuria, Korea and Formosa. For the private trade so resumed there naturally still remain in effect the restrictions and controls exercised by the Ministry of Foreign Trade and required by the General Foreign exchange position, the Italian supply situation and by the terms of commercial and payment agreements.

The Italian Government now has complete control over Italy's foreign trade except in the case of items listed by the Combined Boards in Washington. For these it is still necessary for allocation requests to be channelled through Allied Commission until an alternative method can be devised.

Commerce Sub-Commission was deactivated at the end of the month under a scheme by which the whole of Economic Section of Allied Commission was reorganised. The officer personnel was reduced to two and the organisation which assumed the residual responsibilities of Commerce Sub-Commission was designated Commerce Branch of Economic Section.

2. TRADE NEGOTIATIONS WITH FOREIGN COUNTRIES

A commercial and clearing agreement between Italy and France was signed in Rome on 9th February. The agreement covers the current year up to 31st December 1946, is renewable annually, and subject to three month notice of termination by either party.

The commodities to be exported from Italy to France include chiefly fruit, essential oils, raw hemp, and hemp gun pyrites, machine tools, typewriters and mineral ores.

The most important items to be imported from France under the agreement are phosphates, cocoa, hides kaolin and various chemical and pharmaceutical products.

A trade agreement was negotiated to Denmark during the month.

The main items to be sent to Denmark would be citrus fruit and textiles. In return Italy would receive chiefly fish, machinery and cheese.

Both parties have agreed that the liquidation of arrears of the post Italian Danish clearing agreement are to be deferred to further negotiations.

3. RESERVED COMMODITY LIST

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Both parties have agreed that the liquidation of arrears of the past Italian Danish clearing agreement are to be deferred to further negotiations.

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3. RESERVED COMMODITY LIST

Towards the end of the month instructions were received from Washington to keep applications for allocation of RCL items in abeyance pending the arrival in Rome of a representative of the combined Boards. It was proposed that piecemeal applications should no longer be made but that the Italian Government should produce a complete list of requirements for the balance of 1946 so that this could be considered at one time by the Board. The representative who would discuss the matter was expected to arrive early in March.

Cotton continued to be the commodity in largest demand in connection with the re-export of finished products. At present cotton textiles are still a Reserved Commodity and so far as Italy is concerned the finished product resulting from the working of the raw cotton imports cannot yet be exported to Egypt or to countries in the western hemisphere. It is hoped that this restriction may be notified as a result of the next meeting of the International Textile Committee. At the moment there are a very large number of requests for imports of cotton from Egypt involving a re-export of cotton textiles to that country. To date it has not been possible to approve any. The main items covered by the month's import applications are : cotton (25,500 tons), greasy or washed wool (4,600 tons), rayon: raw and flosses (370 tons), tin plate (2,600 tons), callophany (242 tons), phosphates (50,000 tons), oats (6,500 tons), chemical products (850 tons), flax (100 tons), cellulose (515 tons), vegetable oils (1,000 tons), animal fats (240 tons), glycerin (75 tons), paraffin (150 tons), penicillin (510,000 pails), lead (230 tons), "corose" nuts (2,000 tons) and 3000 oxen.

C. J. R. R. / C. J.
G. M. P. ROMEY
Capt. Lincolns
Director,
Commerce (For. Trade) Branch

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117

HEADQUARTERS ALLIED COMMISSION
COMMERCE (FOREIGN TRADE) SUB-COMMISSION

Ref: AC/5127/54/Commerce

26 February 1946

SUBJECT: Abridged Monthly Report for January

TO : ECONOMIC Section

APR 11 1946

1. Enclosed please find three (3) copies
of the Abridged Monthly Report for January, 1946

S.K.L. SAUL
Major, R.A.
Deputy Director
Commerce (For. Trade) S/C

Encl. as above

EC DIST - 11 Apr

1- EC

6- PRB

1- Not attached an Encl.

1- French Rep.

1563

See Memo 118

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(11734)

117

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) SUB-COMMISSION

ABRIDGED MONTHLY REPORT - JANUARY 1946

1. GENERAL

The month was notable for the final preparations which were made in anticipation of the imminent restoration of private trading between Italy and other countries.

Decrees were published establishing the organisation, function and jurisdiction of the Ministry of Foreign Trade.

Another decree established the "conguaglio" by which imports are to be overpriced and exports are to be granted a premium. The purpose of this arrangement is to provide for the equalization of Italian exports to international prices.

Further restrictions on Italian foreign trade were removed by the closing down of the Allied Forces Local Resources Board at the beginning of the month. AFHQ decided that no military clearance of proposed exports is now required.

On 28 January it was announced that Italian declarations of exportable surpluses would no longer be screened by Allied Commission. At the same time Italian exports ceased to be classified into two types A and B to which different marketing and pricing policies are applicable.

The only Allied Commission responsibility remaining in connection with future Italian exports is the clearance of Reserved Commodity List items with Washington. This function will continue until the Italian Government is advised through British and American diplomatic channels of the manner in which they will be expected to communicate with the Combined Board and the various international committees.

(2)

2. TRADE NEGOTIATIONS WITH FOREIGN COUNTRIES

A trade delegation left for Vienna early in January and a commercial agreement was subsequently initiated by Italy and Austria.

The most important items which Italy is to obtain from Austria under the agreement are timber, cellulose, magnesite, graphite, caolin, and fireproof material. Italian commodities most urgently needed by Austria include seeds, agricultural products, fruit, hemp, sulphur, pyrites, sulphuric acid, citric acid, mercury and tanning extract of sumac.

The contract is for a period of six months, the exchange to take place on a barter basis without any exchange of money, and the ratio of quantities to be exchanged to be worked out on 1937 prices.

Capt. Rothery of Commerce Sub-Commission was present during the negotiations acting as an observer on behalf of Allied Commission.

The commercial agreement between Italy and Spain was signed on 10 January 1946. The agreement covers the current year up to the 31st December 1946 and it is stipulated that consideration will be given during the year 1946 to the conclusion of a further agreement for the year 1947.

Final preparations were made for the conclusion of a trade agreement with France.

3. RESERVED COMMODITY LIST

Essential oils and citric acid were deleted from the RCL during January. Following a recommendation from Commerce (Foreign Trade) S/C. Appendix A(4) of the RCL was abolished. Thus it was no longer necessary to clear with Washington citrus juices, fresh citrus fruit, tomato paste and canned tomatoes.

4. EXPORTS

A gross weight total of approximately 5,000 tons of goods was exported from Italy during January. The total value 1557

114

(3)

amounted to approximately 1.140.000 dollars. This represented a considerable increase over December shipments whose total value was 650.000 dollars.

Lemons and hemp were again among the major items but the largest shipments were of straw goods destined for the United States. The latter were for the millinery trade and the contract provided that the goods were to arrive in time for use in production of hats for the spring season. Prompt delivery at the port of shipment was achieved in conjunction with Transportation S/C. This shipment sees the resumption of an important pre-war Italian export.

Other items exported included Briarwood, Jasmine concrete, Essential oils, Juniper berries, Pistachios and Siena Earth.

5. IMPORTS

During the month, a steadily increasing number of application for imports have been submitted by the Italian Government. Deals involving ~~momements~~ of Reserved Commodity List items have been referred for allocation to the Combined Food Board or to the Special Control Committees (Tin, Rubber, Hides, Coal, Textiles).

At the end of the month, the responsibility for screening Italian foreign trade was relinquished by Allied Commission except for items included in the Reserved Commodity List. Consequently, the Italian Government were asked to submit separate lists of import application for:

- (a) Reserved Commodities, for screening and approval by Allied Commission, subject to reference to Washington if necessary, in accordance with previous procedure;
- (b) Other items, for Allied Commission's information only.

The items covered by the month's applications are:
Raw cotton (27.000 tons), greasy or washed wool (7.000 tons),
raw jute (17.000 bales), rayon: raw and fioeco (160 tons),
tinplate (12.550 tons), colophony (1.813 tons), turpentine
(200 tons), shellac varnish (155 tons), palm oil (250 tons),

1566

(4)

acid fats (100 tons), animal tallow (100 tons), glucose (125 tons), stearine (50 tons), silk cocoons (50 tons), reeled silk (5 tons), sheepskins, shell, mica, dyestuffs, and other minor items. Cotton and wool are to be imported for processing and partial export of manufactured products, or on credit. Other items are mostly to be imported on credit, without request of foreign exchange.

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

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

Monthly Report
December 1945

Ref : AC/5130/Commerce 8 February 1946

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1563

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HEADQUARTERS ALLIED COMMISSION
APO 394
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CONFIDENTIAL

1563

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

MONTHLY REPORT - DECEMBER 1945

1. GENERAL

The recommendation of the Consulta that there should be formed a new Ministry for Foreign Trade having been accepted by the De Gasperi Government, on 29 December 1945 the new Minister, Dott. La Malfa submitted the text of the decree establishing the new Ministry to A.C.

Owing to the Government crisis, during the early part of the month, very little had been done, on the Italian side, to advance the project for the reestablishment of private trade between Italy and other countries. On the Allied side, at a meeting between representatives of the Commerce and Transportation Sub-Commissions and the appropriate Italian authorities, it was arranged that all Shipping orders should be channelled through ICE to the Ministry of Marine, for programming and onward transmission to UMA.

This relieved the two Sub-Commissions from the task of handling shipping bids, and prepared the Italian Government for their additional duties when private trade is reintroduced.

On 31 December at a further meeting held between the Economic Section and the Italian Government representatives, the functions and jurisdiction of the New Ministry were explained and the outstanding obstacles to private trading were considered.

The following information was disclosed :

- (a) Both ICE and l'Ufficio Italiano per Cambi will be under the new Ministry for all Foreign Trade matters.
- (b) Allocations. It remains to decide which technical body will make national allocation of raw materials which are to be imported. The machinery for allocation and distribution of raw materials is the subject of talks proceeding between Mr. La Malfa and Min. Gronchi.
- (c) Licensing. All the details of the import-export licensing system are ready and can be implemented at any time, but the new Ministry has not yet been allotted office space. However, if the other

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(c) Licensing. All the details of the import-export licensing system are ready and can be implemented at any time, but the new Ministry has not yet been allotted office space. However, if the other difficulties can be overcome, the receiving and handling of applications for import and export licenses could be undertaken immediately. Part of the Ministry of Industry and Commerce which will eventually go over to the Ministry of Foreign Trade; though operation could not be at full efficiency.

Lists of goods which will be the subject of general export license are being prepared by the Government.

108

(d) Customs. The Italian Customs Services are fully organized in the matter of personnel but report that in no single port do they have customs control over all quays. Senior customs officials in all ports are to liaise with the Senior Allied Military Commanders in the ports in order to establish a completely effective Customs net.

(e) Conguaglio. In order to stimulate the export trade the Italian Government has decided to overprice imports and grant a premium on exports (at a standard co-efficient in each case.)

It is intended that the conguaglio shall be 125% and will be applied equally to all private imports and all private exports, except private compensations. By means of this "conguaglio" as applied to exports, exporters will be able to quote prices bearing a close relation to world prices.

2. TRADE NEGOTIATIONS WITH FOREIGN COUNTRIES

Progress was made during the month with the various pending trade agreements between Italy and other European countries. The situation at the end of December was as follows :

AUSTRIA.

Preparations were completed for a trade delegation to leave for Vienna to discuss the question of future Italo-Austrian trade.

BELGIUM.

An Italian Economic delegation visited Belgium in the middle of December for the purpose of speeding up the negotiations between the two nations which will later be concluded in Rome.

Meanwhile a list of Reserved commodities which Italy desired to export to Belgium under the agreement was submitted to Washington for approval. All items were approved with the exception of 50 tons tartaric acid and two and a half tons of essential oil. The world allocation of tartaric acid for 1946 has not yet been made.

As lemon oil is the only essential oil remaining on the R.C.L., the Italian Government have been asked to state what amount of lemon oil is involved so that a fresh request for allocation can be submitted.

PORTUGAL.

Contrary to reports appearing in the press, it was officially

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PORTUGAL.

Contrary to reports appearing in the press, it was officially confirmed that no negotiations were in progress for the conclusion of a commercial treaty between Italy and Portugal.

SPAIN.

The Ministry of Foreign Affairs was informed that Allied Commission had no objection in principle to the reported general terms of the Italo-Spanish agreement. This did not obviate the necessity for

1563

- 3 -

obtaining allocations from the Combined Boards in the case of RCL items. Application was made by Allied Commission for allocation of all RCL items listed for export to Spain and import into Italy. Clearance was awaited for export to Spain of 50 tons citric acid and 20 tons lemon oil, and for import from Spain of 800 tons raw sheep and goatskins, 3,000 tons canned fish, 600 tons cocoa beans and 1 ton vitamin A oil. The large allocation of colophony from Spain to Italy which had been requested was not given as the commodity became no longer reserved on the dissolution of the Combined Raw Materials Board at the end of the year.

The agreement will provide for the export to Spain of Italian goods to the value of 50 million pesetas in exchange for an importation from Spain of goods to the value of 200 million pesetas, the difference being covered by a partial utilization of the Italian credit in Spain. The official rate of exchange between the lire and the peseta is fixed at 9.15 lire per peseta.

SWEDEN.

The Italo-Swedish agreement has been signed and an exchange of notes between the Italian and Swedish Governments is awaited for its implementation.

Washington has approved the export of all RCL items which figure in the agreement with the exception of citric acid, tartaric acid and half of the 10 tons of lemon oil. Allocation of the 100 tons of citric acid and 100 tons of tartaric acid is still awaited.

Allied Commission has informed the Italian Government that there is no objection to the agreement being put into effect immediately provided that there is no shipment of these items until an allocation is made by the Combined Boards.

Payment for goods will be made through clearing account with the rate of exchange fixed at 23.845 lire per Swedish crown.

SWITZERLAND.

The British and American Government submitted "Notes Verbales" to the Italian Government objecting to an arrangement for restarting commercial relations between Italy and Switzerland which would provide for the settlement of debts incurred by Italy during the period of hostilities from 10 June 1940 to 8 September 1943. The

1562

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Meanwhile trade exchanges between the two countries continue to be effected on a private compensation basis.

3. THE COMBINED BOARDS

True hemp (cannabis sativa) and mice were deleted from the Reserved Commodity List during the month.

On 30th December the Combined Production and Resources Board and the Combined Raw Materials Board terminated their activities. The international control of commodities previously vested in CP&R and CRMB is now limited only to tin, rubber, hide, coal and textiles and this control is vested in five independent committees.

Specific definition of commodities remaining controlled was expected to be as per the last RCL, namely: (A) tin metal only, (B) Rubber: natural rubber, natural latex, reclaimed rubber and Butyl Synthetic rubber, (however reclaimed rubber may be removed in the near future), (C) hides, skins and leathers: raw cattle hides and raw calf and kidskins; all cattle, calf and kid leather; raw goatskins, in all goatskins leather; East Indian tanned kids; East Indian tanned goatskins; East Indian tanned sheepskins; pickled sheepskins and pickled lambskins (this last item added Nov. 30th, 1945); (D) coal and coke; (E) textiles: cotton broad woven goods, cotton yarn, cotton seine twine, cotton fish nets.

Italian participation in some of the above committees in which Italy is either a major consumer or producer is under active discussion.

The Combined Food Board controlling eighteen general commodities continues to operate for the time being.

The only other commodities still controlled by Washington are three items on Appendix A (4) of the RCL. This Appendix listed commodities classified in category A by agreement between the U.S., U.K. and Canada as necessary for the war effort. The items at present on the list are (1) citrus juices (unconcentrated and concentrated), (2) Fresh citrus fruit, (3) Tomato Paste and canned tomatoes.

With the concurrence of AFPS and Food Sub-Commission, Commerce Sub-Commission sent a recommendation to Washington that Appendix A (4) of the RCL should be abolished on the grounds that the provisions for the compulsory export of these commodities at stipulated prices are not invoked by US, UK and Canada and that the continued necessity for Washington clearance of A (4) items results in unnecessary delays which hinder the Italian export trade.

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1561

4. EXPORTS.

The volume of exports was lower than in November but it is to be expected that the value of exported goods will rise during the citrus fruit season now beginning.

4. Miscellaneous Activities during December

(1) Citric Acid

The Italian Government submitted a request for an alteration to be made in the price paid for Italian exports of citric acid. They further requested that the adjustment of price should be retrospective

- 5 -

and that additional payment should be made for purchases already effected. It was claimed that the net proceeds from the export of citric acid were less than the price which had to be paid to the producers by the Italian Government. As citric acid is a category A item, it is allocated by Washington to specific countries at a fixed price. The Italian Government was exercising its right of appeal in a case where this caused hardship to the exporting country.

The matter was examined by Commerce Sub-Commission and application on behalf of the Italian Government will be made as soon as the Government clarify the precise amount required in back payment and the specific shipments for which the adjustment of price is desired.

(ii) Sulphuric Acid

Commerce Sub-Commission in conjunction with Industry Sub-Commission and the Italian Government has arranged for the supply of 500 cubic meters of timber from Austria in exchange for 200 tons of sulphuric acid from Italy. The timber is urgently required in Italy for use in sulphur mines and for the repair of chemical plant. It is also badly needed by the Italian State Railways. An allocation to provide timber for these needs was made accordingly in conjunction with the Italian Government.

(iii) Brierwood

The long-standing complicated business of payment for the 519 bales of brierwood purchased by the American Brierwood Corporation was finally straightened out.

The American Brierwood Corporation bought and paid for the brierwood before the war. The suppliers were the firm of Dei and Cugliotta of Villa S. Giovanni near Reggio Calabria. Hostilities between Italy and America began before the brierwood was shipped and it was seized by the Italian Government as enemy property. On the arrival of the allies the goods were put under military guard and subsequently shipped to the U.S.C.C. in the same way as all other goods procured for export to America by A.C.

On arrival in America it was sold by U.S.C.C. The American Brierwood Corporation claimed that they should be credited with the proceeds of the sale and a considerable amount of difficulty was experienced by Allied Commission in verifying their claim of ownership. **1566**

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However this ownership has now been established. I.C.E. confirmed that the Italian Government had no further claim in the matter and Allied Commission cabled to Washington approval of payment to the American Briarwood Corporation by U.S.C.C.

(iv) Colophony (rosin)

Italy accepted an invitation to join the European Rosin working group and London was cabled accordingly.

- 6 -

(v) Films

A request was received for the export of forty five cinema films to Eritrea.

Acceptance of the offer was obtained from B.M.A. Eritrea and approval given to the transaction subject to a preview for suitability of display by the British Ministry of Information, Asmara.

(vi) Export surpluses

UNRRA was supplied on request with figures of estimated Italian industrial export surpluses for 1946, extracted from the publication of the Ministry of Industry and Commerce.

(vii) Cigarette Paper

AMC Trieste forwarded details of a large quantity of cigarette paper available for export at a factory in Trieste.

The Italian Ministry of Industry and Commerce has been sent a copy of the list of existing stock and asked whether it could be used by the State Tobacco Monopoly.

B. Statistics

A feature of the month was the small quantity of exports sent to the U.S.- I.C.E. have reported experiencing difficulty in obtaining shipping space for consignments to the USA, particularly from the ports of Palermo and Naples.

EXPORT SHIPMENTS - DECEMBER 1945

<u>To U.K.</u>	<u>Gross Weight</u>	<u>Lire</u>
Silk	1 ton	1,700,000
Hemp	715 $\frac{1}{2}$ tons	7,156,800
Lenons	6,115 $\frac{1}{2}$ tons	38,000,000
<u>To U.S.A.</u>		1553
Cut statite blanks	1 ton	20,000

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<u>To U.S.A.</u>		1553
Out statite blanks	1 ton	20,000
<u>To France</u>		
Bergamot oil	18 tons	15,154,000
<u>To Albania</u>		
Lucerne Seed	16 $\frac{1}{2}$ tons	2,720,000
Totals :		64,750,800

5. COMPENSATION DEALS

Apert from the exchange of sulphuric acid for Austrian timber mentioned above, negotiations were carried on during the month for a number of similar compensation arrangements with other countries.

(a) Egypt.

Full approval has been given a proposed deal entailing the export of venmouth and marsale to Egypt in exchange for 210 tons of Egyptian raw cotton.

(b) Tripolitania.

A request was received for the authorisation of a compensation deal involving the export to Tripolitania of wearing apparel to the value of approximately 22 million lire for exchange for 130 thousand goat dried salted skins from Tripolitania, which are subject to allocation by Washington.

(c) Turkey.

A compensation deal was submitted to AC providing for the import of 10/12,000 tons of fresh fish from Turkey in exchange for various goods to be exported to that country among which are 3 tons of Lemon oil and 50/60 tons of citric acid (both category A). The deal was approved in principle and Washington was cabled for an allocation of the above mentioned category A items.

(d) U.S.A.

The proposed exchange of 50 tons of hamp cloth to be exported from Italy for 150 tons of raw cotton to be sent to Italy from the U.S. has been approved. The deletion of all products manufactured from hemp and other cordage fiber from the RCL removed the necessity for requesting an allocation of hamp cloth.

(e) Venezia Giulia - Austria.

Proceedings were initiated with the object of exchanging canned fish from Venezia Giulia for Austrian timber. Difficulties have arisen due to the fact that the fish is to be exported by the owners whose firm's head office is in Trieste although the fish itself is in the Yugoslav zone B. The resulting timber is for use in zone B. It is hoped that these difficulties will be overcome in the near future.

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6. IMPORTS.

Proposals by private firms for imports into Italy of reserved commodities and general goods have shown a great and constant increase during the month. 72 applications were submitted by the Ministry of Industry & Commerce to this Sub-Commission for screening and approval.

177

As an interim measure, pending the resumption of private trade with foreign countries, importers have been permitted to arrange their deals:

- (a) by using credits abroad with which to finance their imports, which are effected definitely without any foreign currency leaving the country ("franco valuta");
- (b) by receiving raw materials from abroad, for processing into manufactured products which are partially exported to or for account of the supplier of raw material, the balance being kept by the Italian manufacturer as compensation ("lavorazioni per conto");
- (c) by receiving raw materials from abroad on deferred payment terms, it being understood that the goods to be manufactured therewith will subsequently be exported and part of the resulting foreign exchange will be left at the disposal of the foreign supplier or his financing agency ("pagamento differito").

Raw cotton ranks first in importance, and applications for import dealt with by this Sub-Commission during December amount to almost 12,000 tons. Imports will take place under terms (a), (b) and (c) above-mentioned, but for the greatest part (10,000 tons) under terms (b), i.e. to be partially manufactured into cloth or yarn for re-export. Sources of supply by country of origin are: U.S.A., Egypt, Brazil, Peru.

Second in importance comes wool, washed or greasy, for a total of about 4,250 tons. It is being imported under terms (a) and (b) above-mentioned, the greater part (about 2,700 tons) being paid for re-exports of cloth and yarn. Sources of supply are: Great Britain and, in much smaller quantities, U.S.A., Argentina, Uruguay.

Other commodities applied for include cellulose (about 2,000 tons), raw jute, raw mother-of-pearl, fats, colophony, turpentine, tar-oil, tubes, motor-lorries, machinery and spare parts, films and radio material, machine needles, synthetic perfumes, hare skins, salvage materials, food and medical supplies, etc. Most of these imports are being effected under terms (a) above, i.e. by establishing credits abroad.

1,500 head of cattle for breeding and 3,200 tons potatoes¹⁵⁵ for sowing, representing essential needs for the revival of the country, are the only imports for which payment is provided against post liberation account.

Approval has been given by this Sub-Commission for most

(b) by receiving raw materials from abroad, for processing into manufactured products which are partially exported to or for account of the supplier of raw material, the balance being kept by the Italian manufacturer as compensation ("lavorezioni per conto");

(c) by receiving raw materials from abroad on deferred payment terms, it being understood that the goods to be manufactured therewith will subsequently be exported and part of the resulting foreign exchange will be left at the disposal of the foreign supplier or his financing agency ("pagamento differito").

Raw cotton ranks first in importance, and applications for import dealt with by this Sub-Commission during December amount to almost 12,000 tons. Imports will take place under terms (a), (b) and (c) above-mentioned, but for the greatest part (10,000 tons) under terms (b), i.e. to be partially manufactured into cloth or yarn for re-export. Sources of supply by country of origin are: U.S.A., Egypt, Brazil, Peru.

Second in importance comes wool, washed or greasy, for a total of about 4,250 tons. It is being imported under terms (a) and (b) above-mentioned, the greater part (about 2,700 tons) being paid for re-exports of cloth and yarn. Sources of supply are: Great Britain and, in much smaller quantities, U.S.A., Argentine, Uruguay.

Other commodities applied for include cellulose (about 2,000 tons), raw jute, raw mother-of-pearl, fats, colophony, turpentine, tar-oil, tubes, motor-lorries, machinery and spare parts, films and radio material, machine needles, synthetic perfumes, hare skins, salvage materials, food and medical supplies, etc. Most of these imports are being effected under terms (a) above, i.e. by establishing credits abroad.

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Approval has been given by this Sub-Commission for most applications, that is for those involving import of goods not subject to restrictions, whereas allocations have been requested from Washington for those items coming under the Reserved Commodity Lists, either as imports or eventual exports which the imports entail. Owing to insufficient data, a few items have been left in abeyance, and further particulars have been requested from the Italian Government.

101

- 9 -

7. PERSONNEL CHANGES.

There were no changes in the officer personnel of the Sub-Commission during December.

Capt. G.A.F. Rothery returned from leave in the U.K. on 16th of the month.

Lt. Col. F.W. Tooby (Director) proceeded to Paris and the U.K. on temporary duty on 26th December.

Maj. S.K.I. Saul was appointed Acting Director of the Sub-Commission during Lt. Col. Tooby's absence.

F. W. Tooby
F. W. TOOBY

Lt. Colonel, R. A.

Director

Commerce (Foreign Trade) S/C

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