

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

ACC

10000/109/836

ACCO
MAY

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

10000/109/836

ACCOUNTING FOR IMPORTED SUPPLIES
MAY 1945 - JAN. 1946

4138

~~Final~~ 18
CSO- folio ~~18~~ for info

Emul 410

~~Final~~ 21
CSO- folio 20 for info. This is further to folio 18
and gives name of representative required by
para 2 of folio 17

Emul 1010

~~Final~~ 24
CSO- 23/10 as for info. 48. 20/4.
26
~~Final~~ 25/12
CSO- 25 for info. 54/4 15/12/40

785017

HEADQUARTERS ALLIED COMMI: ON

Office of the Chief Commissioner

APO 394

Ref. 20.01/ES

2. Jan 1946
December 1943

JAN 2 1946

NCE 23.

My dear Mr. Prime Minister:

My letters of 18 October and 19 November addressed to Professor Parri made reference to the procedure for consigning imported supplies to the Italian Government. I also wish to refer you to Professor Parri's letter of 17 November which indicates that the Istituto Nazionale per il Commercio Estero is the sole consignee for all Allied supplies.

I should like to reaffirm my views relative to Decree No. 570. It would appear most advisable to consider such modifications in the Decree as may be necessary to establish the Federazione Italiana dei Consorzi Agrari, the Ufficio Centrale Carboni della Direzione Generale delle Ferrovie dello Stato and the Comitato Italiano Petroli as agents of the Italian Government, directly, rather than as sub-agents of the Istituto Nazionale per il Commercio Estero.

An early reply in clarification of the above would be appreciated.

Yours very truly,

HARRY W. STONE
Rear Admiral, USNR
Chief CommissionerDoctor Alcide De Gasperi
The President of the Council of Ministers
Italian Government
Rome

4137

Distribution:-

Chief Commissioner (1)

Executive Commissioner (1) ✓

Economic Section (2)

Finance S/C

Transportation S/C

Food & Agriculture S/C

APPROVED

PA
7/1
R
K5/11/46
(MAJ H)

785017

INCOMING MESSAGE

Receivers Allied Commission

Originator's Reference:

Message Centre:G/6170

Date/Time of Origin:222108Z

Date Time Rec'd:DEC 231030

Precedence:ROUTINE

FROM: WAR CCS CITE CCAC FOR CLAC

DEC 21 1945

TO: ALLIED COMMISSION INFO ATHQ FOR PHGEG AND UK BASE

SECTION FOR CABINET SECRETARIAT

UNCLASSIFIED

This is COM 356. Accounting for civilian supplies
Refer appendix A of report "accounting returns through 31
March 945"

Nomenclature of following commodities not sufficiently
specific to enable technical services involved to identify
and price these I. Cumulative quantities through 31
March 945 also given. Aromatic resistant, 501 feet, and cloth
cutting, 4409 pounds. More adequate description requested

AC DIST

ACTION DIRECTION: ECON SEC 18

CSO 6

SUPPLY GROUP

PROGRAM BR

REQUISITION BR 10

ADVANCE COPIES TO: COMMERCE SC 2

FINANCE SC

FOOD AGRIC SC 2

IND UTILITIES SC 2

COAL DEV 1

TN SC 2

INFO: CHIEF COMMISSIONER

EXEC COMM 2

CC BR EMB

CA US EMB

WSA ROME

MWH

FILE

4138

A
27/2

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4618-86

/kda

23

ALLIED FORCE HEADQUARTERS
APO 512

EXEC Cmr

AG 101 GEC-0

15 December 1945

DEC 18 1945

SUBJECT: Establishment of Allied Supply Accounting Agency.

TO: All Concerned.

1. In accordance with directive from the Combined Chiefs of Staff (TAM 692) there is established within Allied Force Headquarters a unit designated as the Allied Supply Accounting Agency.

2. The Allied Supply Accounting Agency will be attached for administration to Headquarters, Allied Commission. It will receive guidance on policy matters from G-5 Section, except as that Section may otherwise direct.

3. The Allied Supply Accounting Agency will be responsible for maintenance of civilian supply accounts relative to the period of Combined military responsibility in Italy, Greece, Albania, and Yugoslavia. In this connection, the Agency will:

a. Take over from M.F.C. (Balkans) all accounting responsibilities in connection with all supplies issued to the civil authorities in Greece, Yugoslavia, and Albania, and to UNRRA during the period of combined military responsibility in each of these countries.

b. Prepare and submit bills for these supplies to the respective civil authorities in these countries and to UNRRA in accordance with directives from the Combined Chiefs of Staff and this headquarters.

c. Take over from the Allied Commission the following activities in connection with civilian supply accounting in 14135

(1) Completion of returns called for in TAM 228 of 17 July 1944. (ACC/AG accounting for civilian supplies).

(2) Completion of records of issues of civilian supplies to the Italian Government during the period of combined military responsibility.

(MAY H)

sent
16/12/45

See M.26

1A
18/12
[Signature]

785017

AGR/71

19 November 1945

My dear Mr. Prime Minister:

I am referring again to the procedure for consigning imported supplies to the Italian Government, with especial regard to your letter of 3 October which indicates that the Istituto Nazionale per il Commercio Estero is the sole consignee for all Allied supplies.

The Allied Commission, on behalf of the Governments which are now furnishing basic supplies under the present supply program, is of course interested in the manner in which these supplies are handled after their arrival in Italy. In the interest of increased efficiency in handling such supplies, therefore, I believe that further consideration of the matter mentioned in the preceding paragraph is desirable.

Since 28 May, when Decree No. 370 was enacted, the various organizations acting as sub-agents have demonstrated their efficiency in directly receiving and accounting for supplies, and the Istituto Nazionale per il Commercio Estero has not in fact been in a position to assist, as an operating agency, in receiving bulk supplies. Therefore, it seems advisable to consider such modifications in the Decree as may be necessary to establish the Federazione Italiana dei Consorzi Agrari, the Ufficio Centrale Carboni della Direzione Generale delle Ferrovie dello Stato and the Comitato Italiano Petroli as agents of the Italian Government, directly rather than as sub-agents of the Istituto Nazionale per il Commercio Estero - and to provide for expansion of the list of agents as may be necessary.

On the other hand, the Istituto Nazionale per il Commercio Estero can perform a valuable service in recording and licensing matters pertaining to imports and exports, and general supervision of the handling of imported supplies. Hence, it is recommended that whatever modification of the Decree may develop should provide for periodical reports of completed transactions from the receiving agents of the Istituto Nazionale per il Commercio Estero, for purposes of record and to serve as a basis for policy directives issued by the Government to its various designated agencies. This would provide a centralized office of record and control, but would decentralize the operational phases so that the receiving and distribution of supplies would not be impeded by unnecessary participation.

(MISS SAATCHI)

see M24

PA 2
23/11/45

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-2-

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This procedure, and the necessary modifications in the Decree to carry it out, are recommended for your favorable consideration, before any change is made in the present procedure, in order that procurement and financial agencies of the supplying Governments can be assured that these vitally important supplies will be handled by the most efficiently operating organizations available in Italy. In view of the urgent need for a smoothly functioning procedure, your prompt review of the matter will be appreciated.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Professor Ferruccio Parri
The President of the Council of Ministers
Italian Government
Rome

Distribution

Chief Commissioner (2)
Executive Commissioner (2)
Economic Section (2)
Finance Sub-Commission
Transportation Sub-Commission
Food & Agriculture Sub-Commission

APPROVED

J. M. Merritt
James M. Merritt
Director
Food & Agriculture S/G
12 Nov 45

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46188
Translation

The President of the Council of Ministers

E.C.

Rome, 8 October, 1945

Dear Admiral,

18 OCT 10 1945

as from my letter of the 2nd. inst, relative to the procedure to be followed for the Unfer supplies, I want you to know that the official entrusted with the liaison with the offices concerned is Dr. Aldo Bordon, Chief of the office for the reception of allied wares, Foreign Trade Institute, Via Torino, n. 107, Tel. n. 44.869.

To avoid every possible complications, I want to make it clear that, as from D.L. of May 28th, 1945, n. 370, for an obvious necessity of account and exchange coordination, the Foreign Trade Institute is the consignee of all allied wares; according to the kind of the wares, the Institute makes use of the organization which have the most adequate equipment for receiving and delivering of the wares.

Believe me, my dear Admiral,

Yours very truly,

S. Ferruccio Parri

See file 28

Admiral Milery W. Stone
Chief Commissioner
Allied Commission
Rome

ED DIST - 10 Oct 45

Action : Econ Sec (4)
Info : Chief Commr
Exec Commr

4132

trans. e/c

(Cats White)

See file 28
11/10

785017

translation

The President of the Council of Ministers

Rome, 2 October 1945

Dear Admiral,

I received your letter of the 28th with the draft of the procedure to be followed for the handing over to the Italian Government of the supplies for civilian use mentioned in the program of USFAA for an amount of a hundred million dollars.

I agree about the procedure foreseen for the delivery, and I hereby mention the concerns authorized to withdraw the supplies on account of the Italian Government.

- Istituto nazionale per il commercio estero (ION)
(National Institute for Foreign Trade)
- Federazione Italiana dei consorzi agrari (Italian Federation of agricultural consorzium)
- Ufficio centrale carboni della Direzione Generale delle Ferrovie dello Stato (Central Coal Office of the General Management of the State Railways).

In another letter, I shall let you know as soon as possible the name of the person who is to maintain daily contacts with the Supply Division and the Transportation sub-Commission of the A.C., and with the War Shipping Administration of Rome, and who will make the necessary agreements for the carrying out of the procedure now foreseen.

I agree about the advisability of close contacts which will enable the Italian Government and the concerns entrusted with the withdrawing to be timely informed about the arrivals, and take the necessary action with an adequate lapse of time.

I assure you, my dear Admiral, that the Italian Government will do everything to assure an efficient service to receive supplies which are so indispensable for our country, and meanwhile, thanking you for whatever the American Government has done and intends to do for Italy, I remain,

Yours truly,

S. Ferruccio Parri

Admiral Ellery W. Stone
Chief Commissioner of the Allied Commission
Rome

trans. e/c

(CAPT WHITE)

4618

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E.C. FILES

17

OCT - 4 1945

SEE F20

4132

E.C. II - 4 OCT 45

ACTION: ECON SEC (4)

INFO: CHIEF COMAR

EXCEL COMAR

4678
HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

28 September 1945

001-1 1945

13168/f
My dear Prime Minister:

There is transmitted herewith the outline of the procedure for delivery to the Italian Government of the civilian supplies to be imported under the 100 million dollar program of U.S. Foreign Economic Administration for the balance of the year 1945.

At your earliest convenience will you please notify the Allied Commission of your understanding and acceptance of the procedure? In this connection your attention is invited to paragraph 3, which provides that you will also inform this Commission of the name of each organization empowered to receive and acknowledge imported supplies as agent of the Italian Government.

In view of the limited time remaining before the flow of these supplies reaches Italy, I desire to impress upon your Council the urgent need of taking action in making all necessary internal arrangements looking to the receipt, protection and distribution of incoming cargoes.

Very truly, yours

(Signed) ELLERY W. STONE
ELLERY W. STONE
Rear Admiral, USNR
Chief Commission.

Professor Ferruccio Parri
The President of the Council of Ministers
Italian Government
Rome.

SEE FOLIO 18.

4133

(COPY WHITE)

COMMITMENT ALLIED COMMISSION

AFO 394

16

PROCEEDINGS FOR DELIVERY TO ITALIAN GOVERNMENT OF
SUPPLIES FROM THE PORT OF LONDON
RECEIVED BY THE ALLIED COMMISSION (100,000,000)

1. Recent orders received by the Allied Commission from Allied Forces Headquarters direct the formulating of procedure for delivery to the Italian Government of civilian supplies to be furnished by the U.S. Foreign Economic Administration under the 100 million dollar program during the balance of the year 1945.
2. Civilian supplies procured by FEA are sent to Italy consigned to the U.S. War Shipping Administration as agent of the Commanding General, Mediterranean Theatre of Operations, U.S. Army. Disbursements of supplies under the program have already started from ports in the United States, so that the procedure herein outlined will become effective as of 1 October 1945.
3. The U.S. War Shipping Administration acting as agent of the Commanding General, MTOA, will deliver to the authorized receiving agent or agents of the Italian Government, all FEA supplies at the end of ship's tackle. The Italian Government has previously notified the Allied Commission that Istituto Nazionale per il Commercio Estero was the authorized agent to receive civilian supplies imported under the combined military responsibility. At present imported foodstuffs and agricultural supplies are being received on behalf of the Italian Government by Federazione Italiana del Consumatore Agrario. The Italian Government should therefore immediately notify the Allied Commission of the name of each organization empowered to receive and acknowledge imported supplies in its name. Any subsequent change in the receiving agent(s), or the designation of any sub-agent should likewise be notified by the Italian Government to the Allied Commission.

4. The authorized receiving agent (or agents) of the Italian Government must be prepared to accept delivery of FEA shipments at all ports in Italy, Sicily and Sardinia. It will be the responsibility of the Italian Government to insure that the supplies are properly protected, stored and distributed. Notice of scheduled dates of arrivals of vessels will be given the receiving agent of the Italian Government upon receipt of such information by the Allied Commission. To facilitate the receipt of information on vessels, and to effect necessary reception arrangements at ports, the Italian Government should assign a liaison officer to maintain daily contact with the Supply Division, the Transportation Sub-Commission of the Allied Commission, and also with the Rome Branch of the Shipping Administration. Information on scheduled arrivals of vessels should be conveyed promptly by the headquarters office of the receiving agent of the Italian Government to all branch offices so that appropriate arrangements can be made at the ports for receiving cargoes to be unloaded from incoming ships.

5. Upon discharge of the cargo from a vessel the local representative of the Italian Government's receiving agent will indorse (in the name of his organization and followed by his signature) the first original copy and also the second original copy of the bill of lading. Both documents will thereupon be countersigned by the representative of the War Shipping Administration. The first original copy will be forwarded by MTOA to the Foreign Economic Administration, Washington 25, D.C., and the second original copy to the Commanding General, Mediterranean Theatre of Operations, U.S. Army.

6. As cargo is lowered from the ship's tackle, each lot will be tallied in

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outlined will become effective as of 1 October 1945.

3. The U.S. War Shipping Administration acting as agent of the Government General, MONSIEUR, will deliver to the authorized receiving agent or agents of the Italian Government, all PMA supplies at the end of ship's tackle. The Italian Government has previously notified the Allied Commission that Istituto Nazionale per il Commercio Estero was the authorized agent to receive civilian supplies imported under the combined military responsibility. At present imported food, stuffs and agricultural supplies are being received on behalf of the Italian Government by Federazione Italiana dei Consumatori Agrari. The Italian Government should therefore immediately notify the Allied Commission of the name of such organization empowered to receive and acknowledge imported supplies in its name. Any subsequent change in the receiving agent(s), or the designation of any sub-agent should likewise be notified by the Italian Government to the Allied Commission.

4. The authorized receiving agent (or agents) of the Italian Government must be prepared to accept delivery of PMA shipments at all ports in Italy, Sicily and Sardinia. It will be the responsibility of the Italian Government to insure that the supplies are properly protected, stored and distributed. Notice of scheduled dates of arrivals of vessels will be given the receiving agent of the Italian Government upon receipt of such information by the Allied Commission. To facilitate the receipt of information on vessels, and to effect necessary reception arrangements at ports, the Italian Government should assign a liaison officer to maintain daily contact with the Supply Division, the Transportation Sub-Commission of the Allied Commission, and also with the Rome Branch of the Shipping Administration. Information on scheduled arrivals of vessels should be conveyed promptly by the headquarters office of the receiving agent of the Italian Government to all branch offices so that appropriate arrangements can be made at the ports for receiving cargoes to be unloaded from incoming ships.

5. Upon discharge of the cargo from a vessel the local representative of the Italian Government's receiving agent will endorse (in the name of his organization and followed by his signature) the first original copy and also the second original copy of the bill of lading. Both documents will thereupon be countersigned by the representative of the War Shipping Administration. The first original copy will be forwarded by the Foreign Economic Administration, Washington 25, D.C., and the second original copy to the Commerce General, Mediterranean Theatre of Operations, U.S. Army.

6. As cargo is lowered from the ship's tackle, each lot will be tallied in accordance with existing practice by checking firms employed by the War Shipping Administration. The receiving agent of the Italian Government may make an independent tally of supplies unloaded onto the quay (or lighter). If such a tally is made, agreement with the **ITA tally** must be reached before goods are removed from the quay by the Italian receiving agent. In the absence of such agreement the count made by the USA checking agent will be conclusively presumed correct.

7. Tally sheets of the USA checking agent will be assembled and a consolidated out-turn report prepared for the vessel with respect to the PMA cargo unloaded at the port. The out-turn report will show:

- (1) the detailed items with description of the quantities, markings, and related quantities exactly as entered on the bill of lading; and
- (2) the corresponding quantities unloaded according to the signed tally sheets of the USA checking agent. All out-turn reports will be prepared and certified by the USA checking agent in duplicate.

All copies of the out-turn report will be signed by the local representative of the Italian Government's receiving agent. (Consolidated report to USA will be made by the Italian Government's receiving agent within 60 hours after presentation of the out-turn report (unless upon reasonable cause an extension of time is granted by USA).)

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- 2 -

3. Copies of the out-turn report will be counter-signed and distributed by mail as follows:

- (1) Foreign Economic Administration, Washington 25, D.C.
- (2) Commanding General, HAVANA
- (3) Chief Accountant, Finance Sub-Commission, AG
- (4) Chief, Ports and Harbours, Branch, Transportation Sub-Comm., AG
- (5) Italian Government Resolving Agent; and
- (6) War Shipping Administration, Naples

9. The Italian Government will provide all necessary personnel, equipment, vehicles, and facilities to receive and remove supplies so as to prevent interruption in the unloading of any vessel. The Italian Government will also make arrangements for lightering from ship to quay (where necessary); transportation by truck or rail; warehousing of stocks, and distribution to consignees. Adequate provision should be made by the Italian Government for protection of the goods from the time of lowering over the ship's tackle until disposal to civilian consignees.

10. The Italian Government will be advised in a subsequent communication respecting notification of the landed cost of the supplies.

11. The foregoing procedure does not apply to civilian supplies imported from the United Kingdom. Until further advised, the agent of the Italian Government will give a resolving report on such supplies to the Port Liaison Officer of the Allied Commission as provided under existing procedure for supplies furnished under combined military responsibility.

/s/ R.S.S.

4128

EX40443

SEPT 2/1146B

RESTRICTED

T/6294

SEPT 3/1055B

ROUTINE

From: AFHQ SIGNED ALEXANDER CITE ENCEG

To: ACTION: ALL LAC ADDRESSEES

INFO: ALOCH HOME

SEP - 3 1945

RESTRICTED.

Lendlease and reciprocal aid adjustments on civil issues.

1. procedures indicated in CAL 1405 will be followed, adjustments being made between fiscal director MTOUSA and financial adviser British.

2. results obtained will be fragmentary as pointed out in LAC Airgram 111, because of

(A) Technical difficulties in identifying items and components of Lend-Lease or reciprocal aid origin and

(B) Long period in ITALY prior to receipt of directive in which issues from military stocks for civil use were made without efforts to identify as Lend Lease or reciprocal aid. Consequently hope consideration still being given to adoption of over-all formula.

3. As to issues to UNRRA, para 2 TAM 632 interpreted as requiring only quantitative reports to you. Accordingly actual Lend Lease/reciprocal aid adjustments will not be made but items of identifiable Lend Lease/reciprocal aid origin will be repynbed(? garbled. Will service on request)

N/O NOTE:

No trace of CAL 1405

No trace of TAM 632

RESTRICTED

DIST

INFO-ACTION: REQUISITION (2)

INFO: CHIEF COMMISSIONER

EX COMMISSIONER

ECGN SEC (2)

FINANCE SC. FILE (2) FI

(CAPT ARNOY)

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CONFIDENTIAL

FX 35125
AUG 13 1942B

HEADQUARTERS

15 AUG 1945

F/3895
AUG 14 0600B
ROUTINE

From: SIGNED ALEXANDER CITE PHGEG

To: ALL MAT ADDRESSES INFO ALCOM ROME

AUG 15 1945

CONFIDENTIAL.

This is MAT 876.

After careful examination it now appears that receiving reports furnished by ICE cannot be used as basis for billing the Italian Government. This is partly due to inefficiency of ICE and partly to inherent difficulties in tallying miscellaneous technical supplies under conditions which do not permit opening cases at times of tally. Unlikely counter tally by WSA/MWT Italian Agents on behalf of ship will be of much greater value.

2. A LAC 1275 foreshadows this in pointing out that WSA/MWT cannot allow such tallies to be used as a claim against the ship.

Earnestly, therefore, repeat recommendation previously made in para 3 of TAM 650 that TAM 228 procedure should continue to be used throughout period of military responsibility. Up to date list of losses and diversions now in active preparation as indicated our F34536 of 11 presents no compilation difficulties.

DIST

INFO-ACTION ECON SEC 2
INFO CHIEF COMMISSIONER
EXEC COMMISSIONER 2 4428
REQ DIV
FINANCE SC
FOOD SC 2
TN SC 2
COAL DIV
COMMERCE
FILE 2

M/C NOTE:

No record of F34536 of
11 August 45.

(CAPT. R. H. H. H.)

CONFIDENTIAL

CONFIDENTIAL

46189

EXEC Comm

EX 33458
AUG 061827

1/3191
AUG 091430
PRIORITY

SIGNED ALEXANDER CTE FROGO
ALL LAC ADVISORIES INFO ALCOM ROMA

AUG 4 1945

CONFIDENTIAL.

(This is LAC 1278) Further to LAC 1275.

Consider only satisfactory change over procedure is to apply separate accounting by country of origin to all cargoes on which discharge has not begun at the cut off date since discharged cargoes pass to Italian title at end of ships tackle.

Para 2 of LAC 1275 substantially correct. A few shipments, however, may not be identifiable in theatre as to country of procurement responsibility. Example is bulk wheat from CANADA subsequently bagged and shipped from US port. Such shipments should be notified in advance.

After termination of combined military responsibility accounting will procedure remain unchanged or will it be modified by individual procuring countries?

DIST

INFO-ACTION ECON SEC 2
INFO CHIEF COMMISSIONER
EXEC COMMISSIONER 2
FINANCE SC
REQUISITION DIV
FOOD SC 2
TN SC 2
COAL DIV
COMMERCE SC
FILE 2
FLOAT

HEADQUARTERS
9 AUG 1945

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SW PWK
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E. P. Comm

FX 32007
AUG 041445B

CONFIDENTIAL

T/2698
AUG 050930B
PRIORITY
AUG 5 1945

AFHQ SIGNED ALEXANDER CITE PHGEC
ALL LAC ADDRESSES INFO AL OM ROME

HEADQUARTERS
5 AUG 1945
A. J. C.

CONFIDENTIAL

This is LAC 1275. Ref CAL 1450.

Termination of military responsibility for civilian supplies.
Ref para 2, present records with slight adjustments seem adequate for
purpose. Following is present method of accounting for civilian
supplies:

A. Arrangements being made for tally of supplies received
in MFO from ships by WSA/NWT representing the Military/ Allied Com-
mission. Present conditions do not warrant such tallies being used
for the purpose of maintaining a claim for shortage or damage against
the carrying vessel.

B. Representatives of Italian Govt tally at deck from ships
boom and take title and possession.

C. Both representatives will sign mutually agreed manifest.

D. Copies of manifest to Military and Allied Commission.

E. AC keeps proper books of account permitting identifi-
cation of country of origin at all times.

When combined responsibility terminates no change from ~~this~~ ^{the}
procedure believed necessary to meet unilateral accounting require-
ments except as follows: At sub para A. WSA/NWT represent US/UK

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S. P. M. 8/5

CONFIDENTIAL

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military only. At sub para E. AC will keep books of account by quantity, reporting monthly directly to countries or agencies having supply responsibility.

Add sub para F. Countries of supply responsibility will cost quantitative records and bill receiving governments. Refer MAT 813 and MAT 830.

Repeat recommendations made in MAT 813 that costing and billing of recipient governments should be handled by CCAC until termination combined supply responsibility and thereafter by each supplying country separately.

Questions raised by ALLIED COMMISSION will be subject of another message.

Dist

Info-Action - Econ Sec 2
Info - Chief Commissioner
Exec Commr 2
Finance SC
Requisition Div
Food SC 2
Tin SC 2
Coal Div
Commerce SC
File 2
Fleet

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CONFIDENTIAL

785017

9

Tel: 735

27 July 1945.

Ref: 4618/9/EO.

SUBJECT: Personnel for tallying incoming cargoes.

TO : Establishment Section.

8

Your comments are requested on the attached copy of letter 13015/T dated 25 July 45 from the Finance Sub-Commission.

MP

Chief Staff Officer,
To Executive Commissioner.

pa MP

Note

Comments - recommendations
being put up by Est Sec
on their file MP 9/8

BU 9/8

MP 4/8

BU 8/8

MP 4/8

PA 2/7

785017

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13015/F

25 July, 1945

JUL 27 1945

SUBJECT: Personnel for tallying incoming cargoes.

TO : Executive Commissioner

1. As you are aware considerable pressure has been brought to bear by Washington for the tallying of incoming cargoes by agents of WSA/MWT supervised by AC. This Sub-Commission has on various occasions pointed out that no AC personnel is available for this work. Tallying by WSA/MWT agents will shortly begin and it is essential for Transportation Sub-Commission to find personnel in connection with this work required by Washington.

2. Finance Sub-Commission has had a number of EM/OR who are trained in supply work but who are being used for other purposes in Regions or who have been transferred to other duties on the closing down of Regions. The Finance Sub-Commission has great difficulty in retaining the use of these EM/OR's as G-1 is inclined to adopt the attitude that Finance is already overstaffed with EM/OR's. In two cases recently Finance have been unable to retain accounting clerks who have been transferred to other duties. The whole position is incongruous in view of our requests to Washington for increased staff to carry out their requirements.

3. We should be obliged if pressure can be brought to bear to obtain the assignment of the undermentioned EM/OR to Transportation Sub-Commission (Ports and Warehouse Division) for the work referred to above. All these EM/OR are or were previously employed on accounting work in Finance Sub-Commission or Regions.

S/104668	Cpl. Small G. J. (B)	At present employed in G-1 (B). Previously accounting clerk Toscana Region.
32871256	Pfc. Rush, J.A. (A)	No longer any accounting work for them to do in the Regions
32851400	Pfc. Russell, R.P. (A)	
33717049	Pfc. Cleveland, T.K. (A)	Emilia Region. To be assigned to Transportation S/C on cessation of his work in Emilia.

4. We would point out that the work for which these EM/ORs are urgently required is additional to the normal work of the Sub-Commission and must be undertaken on specific orders from the Combined Chiefs of Staff.

A. P. Grassie
Brig.

Joint Director,
Finance Sub-Commission

See 9

(1 spare copy)

(5/1000 PROSY)

785017

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EC

7

Ref: ES/3002

13 June 1945

SUBJECT: Accounting and Billing for Civilian
Supplies Imported in Italy (Category "A").

JUN 1 1945

TO : Allied Force Headquarters.
Attn: G-5 Section.

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1

1. Enclosed are two reports from the Finance Sub-Commission dated 27 May and 3 June 45 on accounting and billing for civilian supplies imported into Italy (Category "A").

2. The earlier report presents a review of the accounting situation on the supply programme. It points out the urgent need of additional personnel so that the Allied Commission may carry out recent directives of AFHQ on checking incoming supplies at dockside, and on billing the landed cost to the Italian Government. The latter report, which represents an extension of the earlier subject, outlines the types of personnel required and the conditions which should govern their assignment.

3. I strongly recommend that immediate action be taken to authorize the additional personnel as outlined in the memorandum of 3 June 45.

WELBY W. STONE
Rear Admiral, USNR
Chief Commissioner

Incl: Memo of 27 May 45
Memo of 3 June 45

PMT
19/6

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(CAPT ARNOLOV)

785017

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCIAL SUB-COMMISSION

13163/P

27 May 1945

SUBJECT: Accounting and Billing for Civilian Supplies Imported into Italy.

TO : Brigadier General E.B. McKinley,
Deputy Vice President,
Economic Section, HQ AC.

I. Importation of Supplies

1. During the 18 months ended 30 April 1945, the Allied Nations imported into Italy approximately 1,800,000 tons of civilian supplies, exclusive of coal, petroleum products, and supplies drawn from armies, amounting to around 350,000 tons. In the early stages of occupation the commodities imported consisted mainly of staple items of foodstuffs (e.g. wheat, flour, soap, etc.); medical supplies, and a few miscellaneous articles (e.g. soap, matches, newsprint, etc.). To meet essential civilian needs the number of miscellaneous articles was continually being extended so that by 31 December 1944 the supply accounting report covered 300 commodities. Since that time the number has increased at an accelerated rate. Unfilled AC requisitions for industrial, commercial, mining and agricultural supplies call for many thousands of commodities under Category A. The exact situation respecting the filling of these requisitions is uncertain; and important changes may be ordered in the programme. If however the pending requisitions should be approved only in part, the different types of supplies imported into Italy nevertheless would be greatly increased over the number previously received.

2. Recently the Allied Commission has been informed by higher echelon of two additional functions:

- (1) the billing of the landed costs to the Italian Government covering all supplies delivered under the military programme, and
- (2) the checking by AC personnel of supplies offloaded from vessels by receiving agents of the Italian Government.

II. Billing of Supplies

3. In order that full understanding may be had of the responsibilities directed to be assumed by the Finance Sub-Commission in the billing of supplies, it seems desirable briefly to discuss changes required in the original procedure prescribed in FMV 229 of 14 July 1943. To date the accounting instructions outlined therein have governed the supply accounts maintained by this Sub-Commission. Under FMV 229 the primary accounts for imported supplies show receipts from imports, receipts from the armies, or delivery to or on behalf of the Italian Government, losses in transit and warehouses, and stocks on hand if any. From date of occupation AC accounts

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I. Importation of Supplies

1. During the 18 months ended 30 April 1945, the Allied Nations imported into Italy approximately 1,800,000 tons of civilian supplies, exclusive of coal, petroleum products, and supplies drawn from armies, amounting to around 850,000 tons. In the early stages of occupation the commodities imported consisted mainly of staple items of foodstuffs (e.g. wheat, flour, soap, etc.); medical supplies, and a few miscellaneous articles (e.g. soap, matches, newspaper, etc.). To meet essential civilian needs the number of miscellaneous articles was continually being extended so that by 31 December 1944 the supply accounting report covered 300 commodities. Since that time the number has increased at an accelerated rate. Unfilled AC requisitions for industrial, commercial, mining and agricultural supplies call for many thousands of commodities under Category A. The exact situation respecting the filling of these requisitions is uncertain; and important changes may be ordered in the programme. If however the pending requisitions should be approved only in part, the different types of supplies imported into Italy nevertheless would be greatly increased over the number previously received.

2. Recently the Allied Commission has been informed by higher echelon of two additional functions:

- (1) the billing of the landed costs to the Italian Government covering all supplies delivered under the military programme, and
- (2) the clearing by AC personnel of supplies offloaded from vessels by receiving agents of the Italian Government.

II. Billing of Supplies

3. In order that full understanding may be had of the responsibilities directed to be assumed by the Finance Sub-Commission in the billing of supplies, it seems desirable briefly to discuss changes required in the original procedure prescribed in TAM 228 of 14 July 1944. To date the accounting instructions outlined therein have governed the supply accounts maintained by this Sub-Commission. Under TAM 228 the primary accounts for imported supplies show receipts from imports, receipts from the armies, deliveries to or on behalf of the Italian Government, losses in transit and warehouses, and stocks on hand if any. From date of occupation AC accounts have been maintained on a quantitative basis (i.e. by tons, quintals, feet, or other commercial unit of measure applicable to the respective commodity). Until recently it was understood by this Sub-Commission that the billing of the Italian Government for supplies in dollars and sterling would be effected through Washington and London on the basis of their records showing landed costs of supplies shipped, less supplies diverted to other countries, and plus supplies drawn from the armies. Based on such understanding the Chief Accountant rendered monthly reports containing the information required by TAM 228. No comments on any deficiencies in such reports have ever been received.

4. Among other things TAW 228 specified that the War Department and the War Office would furnish monthly statements of total values giving effect to reported diversions of cargoes, and differences as disclosed by monthly reports of shipment arrivals in Italy. The Washington-London statements as adjusted were to be communicated to AG/AMG periodically for recording. A protracted delay occurred before any statement of values was received. After requests from AG a report from London was received last fall, and subsequently a report from Washington arrived after the first of the year. To date reports of values have been submitted by London through 31 December 1944, and by Washington through 31 March, 1945.

5. Notwithstanding identical instructions governing both London and Washington their reports differ in two important respects:

- (a) the Washington statement of values includes charges for marine transportation and insurance; the London statement does not include such charges.
 - (b) The Washington statement of values covers the entire Mediterranean Theatre of Operations (with partial, but not complete, breakdown by countries); the London statement segregates values for Italy.
6. The foregoing differences preclude the rendition of bills to the Italian Government on the basis of the present composition of the statements. Apparently different interpretations were placed on TAW 228. In connection with the build up of the Washington accounts it is somewhat difficult to understand the accumulation of landed costs on a theatre basis as distinguished from a national basis, with the requirements in TAW 228 that such information should be recorded on the books of AG/AMG.

7. As the accounts in Washington are on a theatre basis and are not readily subject to breakdown on a national basis, it has therefore become necessary to consider the immediate course to be pursued in respect to the billing of supplies chargeable to the Italian Government. In TAW Airgram 42 of 23 March 1945, instructions were received that bills should be rendered for Italy on the basis of records maintained by AG/AMG. The relevant provision in TAW 42 directs:

"You will be responsible for billing Allied Governments for civilian supplies furnished by you. For billing purposes, you will be supplied periodically, say monthly, by COMAC with combined (US, UK and Canadian) weighted average landed costs by commodity, for application by you to your quantitative records of civilian supplies delivered or of supplies issued from military stocks for civilian use, as the case may be, to each recipient Government."

8. Subsequent to issuance of the instructions in TAW Airgram 42, officials in the Civil Affairs Division in Washington recognized that certain procedures therein required revision - primarily because of the accumulation of landed costs on a theatre basis, and also complications involved in lease-lend shipments made to Britain and thereafter reshipped to Italy. In AG/AMG W-34387 of 18 May 1945, revised instructions provide in effect that bills shall be rendered by AG for civilian supplies actually delivered to the Italian Government, the first bill to cover the period from date of occupation through 31 December 1944.

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9. In computing the charge for each commodity the quantitative records maintained by AC showing issues to or for the account of the Italian Government are to be utilized. To the respective quantity delivered on each commodity will be applied an average weighted landed cost. This latter figure is to be furnished by the Landed Cost Sub-Committee recently established in Washington.

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10. The billing of some 300 commodities delivered through 31 December 1944, can be accomplished without undue effort. It would appear however that such course may leave US and UK in rather an awkward position respecting the settlement of dock, warehouse and transit losses. The instructions received state that losses prior to signing of quantitative receipts by recipient government will be settled between governments, presumably meaning that internal stock losses are to be considered as the subject of subsequent negotiations. All directives received will be carried out to the best of our ability. In this connection, however, we desire respectfully to express the opinion that the charging of supplies on the basis of deliveries by AC in Italy, with a loading factor to cover marine insurance to compensate for losses at sea, appears less practicable than the charging of supplies on the basis of total shipments, less diversions, as drawn from records at the point of origin.

11. The principal difficulty foreseen in billing by AC concerns the amount of work that will be involved later when the number of commodities handled may run into many thousands of commodities, as distinguished from the few hundred through December 1944. Single requisitions now pending often cover from 500 to 1000 different items. If filled the sum total of these will represent many thousands of different commodities. Due to the technical nature of the commodities pertaining to the industrial, mining and commercial categories, a single item may have four or five distinguishing characteristics. In the description of the article in receiving records the nomenclature must specify all essential characteristics, so that the commodity may be specifically identified for later application of landed cost (which under the present plan will not be received until after the arrival of the article).

12. Unless a system of requisition reference numbers and commodity code symbols is perfected, maintenance of the supply accounts will involve an enormous expenditure of effort. The system of quantitative records, which has worked with a fair degree of success on a limited number of commodities, will need complete overhauling and the assignment of additional personnel. The magnitude of this problem was presented to officials in the Civil Affairs Division and the Landed Cost Sub-Committee in Washington by Lt-Col. Paul Manning. While recognition was given to the urgency of action, the matter was there considered as proper subject for determination within the theatre, as regards arrangements and personnel.

13. In the opinion of this office immediate arrangements should be made whereby:

- (a) Supplies furnished under each approved requisition should always be keyed by corresponding reference number in the manifest, shipping document, and packing list, to the approved requisition number. 4417
- (b) Detailed items on the shipping documents and packing lists should always bear reference to the related item number in the approved requisition, and contents shown on packing cases.
- (c) The quantity and landed cost of each specific commodity should be entered on the manifest, shipping document and packing list.

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13. In the opinion of this office immediate arrangements should be made whereby:

- (a) Supplies furnished under each approved requisition should always be keyed by corresponding reference number in the manifest, shipping document, and packing list, to the approved requisition number. 4117
- (b) Detailed items on the shipping documents and packing lists should always bear reference to the related item number in the approved requisition, and contents shown on packing cases.
- (c) The quantity and landed cost of each specific commodity should be entered on the appropriate shipping document before the cargo is shipped. This is essential if an enormous amount of work in the theatre is to be avoided.
- (d) Complete sets of all necessary papers (e.g. manifest, shipping documents, and where applicable, packing lists) for supplies consigned to Italy should be forwarded both on the vessel for offloading, and by air mail, a complete set of all documents to be sent to the Chief Accountant, AC.

Unifarm adherence to the foregoing suggestions would appear to us to be necessary for the preparation of bills in the future when the number of miscellaneous items imported is expected to be many times greater than in the past.

14. Attention is invited to the fact that even with improved documentation of imports the supply accounting staff must be augmented due to the anticipated multiplication of the number of commodities to be handled. An estimate of additional personnel required will be presented in a subsequent paragraph.

III. Checking of Supplies

15. Checking and billing of supplies are closely related subjects, so that these activities can practically be considered in a single estimate. Originally supplies imported into Italy were received, warehoused, and sold by AC/ASG; and the collections in lire derived from such sales were paid into the Allied Financial Agency to be held for the account of the Italian Government, (The Allied Nations' charges against the Italian Government will be in dollars and sterling for the landed cost value of the goods.). In the early stages of occupation AC/ASG merchandising operations were necessary because of the inability of the newly formed Italian Government to receive and to distribute supplies on its own account. Gradually charges were brought about. The movement was initiated by the Finance Sub-Commission, not alone due to the increased demands on the accounting personnel (resulting from the gradually expanding liberated territory to be covered and the rapidly mounting list of commodities to be handled), but more particularly to the viewpoint that Italian authorities should assume greater responsibilities for the distribution of civilian supplies.

16. In September 1944 an arrangement was made whereby Federative Italiani del Consorzio Agrario took in a limited area (old Southern Region) to receive imported foodstuffs and agricultural supplies direct from shipside, giving quantitative receiving reports, and thereupon accounting to the Italian Government for the receipts and sale of the quantities it handled. Later the arrangement was extended to all liberated Italy. In the meantime a similar plan had been evolved whereby Istituto Nazionale per il Commercio Estero received miscellaneous supplies for the Italian Government under the same procedure as that applying to Federations. Approval of both plans was given by CCS.

17. During the period when supplies were being handled by AC/ASG a check of incoming cargoes was made at the warehouse, it being impossible to warehouse the same at the dockside because the delivery from shipside to warehouse was the responsibility of the Allied Military Authority. By the time the agreements with Federations and ICC came into effect a steady withdrawal of both officers and enlisted men - particularly on the American side, had seriously depleted the personnel of the Finance Sub-Commission used on supply accounts. As a result no officers or enlisted men were available for assignment to verify at dockside receiving reports prepared by recipient agents of the Italian Government. The only operation that could be performed was a summary review at headquarters level, where a comparison has been made between the quantities entered on the receiving reports with the schedule cargoes shown on the 12th C-5 periodic list of shipments. When any substantial difference is noted inquiry is made (as a matter of necessity through correspondence) to the respective agent of the Italian Government who prepared the report.

18. The Finance Sub-Commission brought the situation to the attention

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early stages of occupation AC/AFS merchandise operations were necessary because of the inability of the newly formed Italian Government to receive and to distribute supplies on its own account. Gradually changes were brought about. The movement was initiated by the Finance Sub-Commission, not alone due to the increased demands on the accounting personnel (resulting from the gradually expanding liberated territory to be covered and the rapidly mounting list of commodities to be handled), but more particularly to the viewpoint that Italian authorities should assume greater responsibilities for the distribution of civilian supplies.

16. In September 1944 an arrangement was made whereby Pedemonte Italian dei Consorzi Agrari undertook in a limited area (old Southern Region) to receive imported foodstuffs and agricultural supplies direct from shipside, giving quantitative receiving reports, and thereupon accounting to the Italian Government for the receipt and sale of the quantities it handled. Later the arrangement was extended to all liberated Italy. In the meantime a similar plan had been evolved whereby Istituto Nazionale per il Commercio Estero received miscellaneous supplies for the Italian Government under the same procedure as that applying to Pedemonte. Approval of both plans was given by COS.

17. During the period when supplies were being handled by AC/AFS a check of incoming cargoes was made at the warehouse, it being impossible to exempt the cargo at the dockside because the delivery from shipside to warehouse was the responsibility of the Allied Military Authority. By the time the agreements with Pedemonte and ICE came into effect a steady withdrawal of both officers and enlisted men - particularly on the American side, had seriously depleted the personnel of the Finance Sub-Commission used on supply accounts. As a result no officers or enlisted men were available for assignment to warehouse at dockside receiving reports prepared by recipient agents of the Italian Government. The only operation that could be performed was a summary review at headquarters level, where a comparison has been made between the quantities entered on the receiving reports with the schedule cargoes shown on the AFM C-5 periodic list of shipments. When any substantial difference is noted inquiry is made (as a matter of necessity through correspondence) to the respective agent of the Italian Government who prepared the report.

18. The Finance Sub-Commission brought the situation to the attention of AFM in order that the facts might be known at higher echelon, it being pointed out that no personnel was available for verification of offloadings at ports. This position was notified to COS in AFM 49 of 24 November 1944 in which it was pointed out that incoming cargoes were of necessity being received by Italian agencies without control by Allied personnel. No comment was received until March 1945 when AFM telegram X 54719 stated the view of IS interested agencies that this procedure was not considered acceptable. No COS instructions on the subject have yet been received.

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19. ACMA # 24387 of 18 May 1945 advises that discussions have been held with War Shipping Administration relative to the possibility of AG utilizing local shipping agents for that organization and for the Ministry of War Transport in Italian ports. The message further provides that if such action is taken by AG, test checks and unannounced inspections should be made by military personnel. Progress made in Washington in furtherance of the proposal which was originally advanced about a month ago is not known. A number of shipping agencies do exist, however, in various Italian cities, some of which might be used by AG if approval is given by OCS.

IV. Personnel Requirements

20. The responsibility for checking supplies off-loaded (assuming the utilization of Italian shipping agents), and for billing the Italian Government by AG, will necessitate a substantial increase in the supply accounting personnel. To perform these services AG will require on the basis of the present requisitions an additional force of 30 persons. This number should consist of 5 officers, 10 enlisted men, 5 civilian junior accountants (US and UK) and 10 civilian clerks (US and UK). During 1945 Italy has received on an average more than 100,000 tons of imports monthly. An increasing proportion of these imports relate to industrial, commercial, mining and other types of technical supplies. The accounting for each specific commodity from ship to rendered bill will entail an enormous amount of administrative, accounting, and clerical work. Such operations include supervising the checking of the quantity unloaded for each commodity; verifying receiving reports; recording reports in books of account; applying landed cost rates to the quantities; and the ultimate billing to the Italian Government.

21. It is understood that TAM Airgram 42 is largely the result of US insistence and it therefore seems opportune to comment on the disposition between the US and British personnel on the Chief Accountant's staff. The present strength (excluding the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British officers and some 12 US as compared with 6 American officers and some 6 EN (one of the 6 American officers has put forward a strong case for reassignment to the US on compassionate grounds). It is suggested that Washington be requested to supply adequate US personnel to implement their billing instructions and we feel that they should send an officer conversant with their records and accounting system in Washington to head the billing section.

22. In conclusion we wish to make it quite clear that the above comments refer only to Category A imports and not to Category B with the accounting for which we have always been informed we are not concerned.

(signed) ROBERT B. MENAPACE
Colonel

Joint Director,
Finance Sub-Commission.

PMB/HCC/jbh

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21. It is understood that T.M. Airgram 42 is largely the result of US insistence and it therefore seems opportune to comment on the disproportion between the US and British personnel on the Chief Accountant's staff. The present strength (excluding the Chief Accountant (3) and Deputy Chief Accountant (4)) is 16 British officers and some 12 GIs as compared with 6 American officers and some 6 GIs (one of the 6 American officers has put forward a strong case for reassignment to the US on compassionate grounds). It is suggested that Washington be requested to supply adequate US personnel to implement their billing instructions and we feel that they should send an officer conversant with their records and accounting system in Washington to head the billing section.

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(Signed) ROBERT B. MENAPACE
Colonel.

Joint Director,
Finance Sub-Commission.

PDS/HJC/jbh

HEADQUARTERS ALLIED COMMISSION
APO 32.
FINANCE SUB-COMMISSION

13624/P/A

3 June 1945

SUBJECT: Additional Personnel Required for Accounting and
Billing for Civilian Supplies Imported into Italy.

TO : Brigadier General E.B. McKinley,
Deputy Vice-President,
Economic Section, HQ AC.

1. Further reference is made to our memorandum of 27 May 1945 on the subject of accounting and billing for civilian supplies imported into Italy. As set forth therein it is estimated that 5 officers, 10 enlisted men, 5 civilian junior accountants, and 10 civilian clerks will eventually be required to supervise the checking of incoming civilian supplies, and the billing of the Italian Government for the landed cost, in accordance with the provisions of TAI Airgram 42 of 23 March 1945 as amplified by T 3137 of 18 May 1945. This personnel is additional to our existing strength, and the estimate is based on the present supply program.
2. Attention is invited to the fact that the estimate has been compiled on the assumption that the shipping agents of WSA/AMT referred to in TAI 42 can be utilized for checking and tallying imported supplies at all ports in Italy. Informal advice has been received from AMT that the employment of such agencies is favored by WSA.
3. The present strength of the Chief Accountant's Office (excluding the Chief Accountant (B) and Deputy Chief Accountant (A)) is 15 British officers and 12 ORs, as against 6 US officers (one of whom is expected to be re-assigned home on compassionate grounds) and 6 EAs. In view of the disparity in the relative strengths of UK and US personnel it is felt that the additional personnel to implement the instructions originating from Washington should be American. In particular it is considered essential that Washington should supply a senior officer conversant with their supply records and procedures to head up the billing section under the Chief Accountant.
4. Changes heretofore made in streamlining the supply accounting procedure will enable a possible reduction of three officers within the next sixty days. These officers can not however be counted upon for permanent reassignment to billing and checking work in view of the probable release of British officers under the UK release program. These releases however will not equalize the relative British and American strengths for a considerable time. For this reason the estimate of five additional US officers is considered the minimum required.

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3. The present strength of the Chief Accountant's Office (excluding the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British, 11 officers and 12 ORs, as against 6 US officers (one of whom is expected to be re-assigned home on compassionate grounds) and 6 MAs. In view of the disparity in the relative strengths of UK and US personnel it is felt that the additional personnel to implement the instructions originating from Washington should be American. In particular it is considered essential that Washington should supply a senior officer conversant with their supply records and procedures to head up the billing section under the Chief Accountant.

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5. The estimate for 10 additional enlisted men is based on the possible distribution of these men in various ports of Italy where cargoes may arrive. At present there are no SM/ORs available for assignment to this work.

6. The 15 civilian accountants and clerks are required primarily for handling the work of pricing, billing, and relative activities. This force will not be needed until the schedules for landed costs on the various commodities start arriving from the Landed Cost Sub-Committee in Washington.

7. It is recommended representations be made to AMT on as high a level as possible, that Washington be requested to furnish the personnel detailed above which is considered essential to carry out their instructions.

W. H. H. H. H.
Chief Accountant,
for Joint Director,
Finance Sub-Committee.

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