

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

ACC

10000/109/947
(VOL. II)

Declassified E.O. 12356 Section 3.3/NND

No.

785017

10000/109/947
(VOL. II)

MINING INFORMATION
FEB. 1945 - MAY 1946

193

100-2010

CSO- Folio 192 for info. Will follow
up

Encl 11/10

M. H.

CSO. Folios 193-195 may be of interest.
Action is per Sect. I see #197. SKH.
7/2/46

199.

Major Holmes.

Ref p.197, please see p.198 for action taken.

11 Feb. 46.

SKH 1/2/46

CSO.

CSO See basic communication (folio 194)
Do you suggest a follow-up letter, or
other action?

OSJ 25/4.

CSO See follow-up letter opposite (f. 205).

OSJ 25/4.

214

CSO Letter opposite acknowledges f. 213

OSJ 7/5

C.S.O.

7 minute 185

Ref letter at 184 para: 2 - as far as I can see from
~~para~~ 165, 166 167 and 171 - the report was never required
for transmission to Messrs. Bewick Moring & Co. All we
were asked to pass on at 165 was the information that the
Manager of their mine was well and wanted to have a representa -
tive sent out from England.

[Handwritten signature]

1890

C.S.O.:

Reference minutes 169 and 170 -- Cave del Predil Zinc-Lead Mine Report by Capt Radcliffe of Industry S/c.

Please note that Brigadier Anderson recommends that it be not forwarded to the owners of the mine for reasons listed in para 2 A, B, and C of folio 184.

Resume of the report:

Mine has been worked as far back as the 14th century and is in territory ceded by Austria to Italy after World War I. The Italian Govt leased it to a British group in 1923 for a period of 40 years. Upon declaration of war by Italy, the mine was sequestered. On Sept 12, 1943, German controllers were appointed. Yugoslav Partisans from Dec. 1943 on inflicted damage to the mine. Present state of mine and plant is good, apart from the flooded works. Mill is intact. Plant could operate provided re-agents could be obtained.

Labor: In 1939 under agreement between Mussolini and Hitler, ex-Austrian labor was transferred to Austria. At present perhaps 70 to 80 laborers and tradesmen are available.

Supplies: Stores depleted through German requisition. See folios 177 and 178 for details.

Production: In 1944, lead concentrate, 2400 dry tons; zinc concentrate, 21,300 dry tons. This represents half normal production of lead concentrate and two thirds of zinc.

Stocks: Please see folio 176.

Transport: All transport taken by the Germans and Yugoslavs.

Power: Main hydro-electric power station at Pleznut sufficient for operations except during dry season.

Financial Position: This is complicated; see folios 173 and 174 for details.

Future Operations: If copper sulphate is made available, the mine can begin production as soon as labor is found.

14 June 45

186

186.9

No action.

ring up the Coy. when she gets home. Mr. [unclear]

Upon declaration of war in 1923 for a period of 40 years. 1943, German controllers were appointed. Yugoslav Partisans from Dec. 1943 on inflicted damage to the mine. Present state of mine and plant is good, apart from the flooded works. Mill is intact. Plant could operate provided re-agents could be obtained.

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Power: Main hydro-electric power station at Plesnat sufficient for operations except during dry season.

Financial Position: This is complicated; see folios 173 and 174 for details.

Future Operations: If copper sulphate is made available, the mine can begin production as soon as labor is found.

14 June 45

186

Chadwick

No action. But Dick DeLeary to be asked to ring up the Coy. when she gets home. 188/189

1885

187

Miner's Pchery. PA.

Y. 1886

160.

TO: CSO

- 1) See 155 and 157 for Weekly Reports on Sardinian Mining Situation.
- 2) As seen in Minutes of Executive Commissioner meetings (folios 158 and 159) Brig. Anderson is now dealing with this matter.
- 3) See para 2 regarding FAN 487 at folio 152.

YCB
Major

19 April 45. 161

24/4 Noted. 2

15A

Noted 5/11/45

Captain Arnoldy

168

This has really become 7000 pipedown. (See 255)
¹⁶⁷

YCB
31/5/45

169

C.S.O. Re min. 266 - folio 167 is in reply to folio 202 re. ¹⁶⁷
para 11 of folio 165 regarding the lead pipe mine. Apparently, I can see
will report more fully when Capt Radcliffe returns. *YCB*
31/5/45

1868

170

Rept. P1 see they do

165A

Notes 5/9/45 (S)

Captain Arnoldy

168/68

This has really become a jaw pipion now. (See 2¹⁶³ 2¹⁶⁵)

11. 31/5/45

169

C.S.O. Re min. 266 - folio 163 is in reply to folio 242 re. para 11 of folio 165 regarding the lead pipe mine. Apparently, Ecan had wire reports not fully when Capt. Radcliffe returns. (S) 11/4/45

1868

170

* Right. Pl see ther do

Ex 246

146

General M. E. Hinkley

Re proposed letter Ref 5010/144/EC. dtd 28 March which it has been suggested that the Admiral sign and send to H.E. Bonomi.

Does this letter have Economic Section approval?

do we agree with 145, same being stated
Col Fish proposes to make to the Admiral?
Is Mr Vaughan's letter at 137 misleading?

Dunsmore

29/3/45. 1930 hrs

Col. Dunsmore:

147.

137 is emotional and somewhat misleading.
The letter prepared for signature removes the
emotion and is a good letter to go. There
is no doubt that the Govt must take strong
action to increase output by curbing labor unrest.

The letter for signature is not correct
in its 3d paragraph - the production is reduced
to 200 pounds per man per hour shift.

When corrected, recommend signature

We are agree with 145, same being stated
 Col Fish proposes to make to the Admiral?
 Is Mr Vaughan's letter at 137 misleading?

Personne

29/3-45. 1930 hrs

Col. Denham:

147.

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 The letter prepared for signature removes the
 emotion and is a good letter to go. There
 is no doubt that the Govt must take strong
 action to increase output by curbing labor unrest.

The letter for signature is not correct
 in its 3rd paragraph - the production is reduced
 to 500 pounds per man per three shift.

When corrected, recommended signature

Do Ego Com

E/S concurs subject to Mr. M. K. note
 Denham

30/3/45 10.05

20.05

Ex-Com.

149

1867

Revised letter herewith for signature of CC.

30. Mar. 45

see 150

19.05

144.

4/Ex. Com.

I spoke with Gen. McKinley and Mr. Braine on this draft. The former was much in favour of it being sent, but thought I should check with Mr. Braine as to sending the Industry Sub Commission report which makes reference to two Italians.

Braine pointed out:

- a. That he was against mentioning the two individuals;
- b. That, except for the BACU ABIS mine, the Industry report says that the mines are working close to normal production.

This is perfectly true, and I have redrafted the letter to deal with both these points. It is in final form for the CC's signature.

28 March 1945.

145.

Chief Commissioner:

Mr. Vaughan's letter at folio 137 is a very misleading document. The coal production in Sardinia is briefly this: All mines except Bacu Abis are producing normal tonnage with the available workmen and there is no slow down due to labor unrest. The production of mines, less Bacu Abis, is 39,000 tons per month. Bacu Abis is producing practically nothing. Normally with present labor it should produce 7000 tons per month. This means 46,000 tons per month, as against a target figure of 100,000 tons per month. The target can only be realized by the addition of approximately 2000 additional miners.

The Prime Minister's reply at 135 to your letter at 127 is not particularly reassuring. General McKinley would like to have the attached letter sent to the Prime Minister in order that he might take with him to Washington a copy, as evidence that the Allied Commission is fully aware of the importance of Italian coal production and is exerting continuous pressure on the Italian Government to reach the production target. Braine has been in touch with Gronchi and has given him until April 1st to make substantial progress in increasing production.

28/3/45

7
N. E. F.

C.S.O.

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28/3/45

N. E. F.

1820

CSO: According to folios 136 and 137 the Italian Government is confronted with a serious labor situation in Sardinia and will not be able to accomplish what has been so beautifully worded by Bonomi in folio 135 answering the C.C.'s letter at folio 127; - stepping up the output of Sardinian mines to 100,000 tons per month for Allied military purposes.

gcl
Major

26 Mar 45

139.

A/Executive Commissioner.

1. At 127 the Chief Commissioner wrote a letter to the Prime Minister bringing his attention to the importance of increasing the output of coal from Sardinian mines to a monthly amount of 100,000 tons. At page 135 the Prime Minister answered saying that he had contacted the Minister of Industry, Commerce and Works on this problem.
2. At 137 is a report from Mr. Vaughan, Director of the Industry Sub-Commission, which says that strikes and slow downs have reduced the production to less than 1,300 tons of coal per day and that if this labor situation continues the production as a contribution to the war effort will be practically nil. I suggest that we should draft another brief letter to Bonomi for the Chief Commissioner to sign enclosing this report from his Industry Sub-Commission.

26 March 45.

26/3 Pls put up a draft. This is most important and urgent. Draft letter to PM for CC in strong terms. See airtel memo on Pan 487.

51
Major,
C.S.O.
to Ex C.

140.

142.

A/Ex. Com.

Draft letter to Prime Minister at 141 submitted for approval.

27 March 1945.

143.

27/3 C.S.O. Prior to submission to CC pls check with Ben Mackinley who has arranged with AFHQ for certain eval opinion to be received in Rome

51
C.S.O.

+

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51
Majr,
C.S.O.
to Ex C.

142.

M/Ex. Com.

Draft letter to Prime Minister at 141 submitted for approval.

27 March 1945.

143.

17/3 eso. Prior to submission trace ple check with Com in Italy who has arranged with AFHQ for certain coal supplies to be received in Rome to facilitate Italian coal production. 1865

51
C.S.O.

144

A/Ex. Com. 15/3/45 with Mr. McIntyre, C.P. Brang.
The letter printed and
(A) Intercept by BAKVABIS

110
 c 50: to see latest developments on the Coal Allocation question.
 as explained by Mr. Cleveland in folio 109. JCB 2/1/46

213/2

126.

CSO: Sulphur production in Sicily was improving by Nov 44 but then a carovita bonus was awarded and made retroactive to August influencing cost of production immensely. Adjustments have not been made to the sulphur price with the result that operators are producing at a loss. The Industry S/C's suggestion that the Interministerial Price Committee recommend a new sulphur price is under consideration. See folio 125.

The annual report of the Sicilian sulphur mining (folios 112-123) is reviewed as follows:

- 1) The sulphur mining industry declined due to various deficiencies, especially electric power, transportation, supplies and materials and labor troubles from 195,000 in 1940-41 to 148,000 in 1941-42 and to 94,000 in 1942-43. After Allied occupation, costs of draining and repairing mines consumed much of the financial reserves and supplies of those producers. Efforts have been made to get some financial help from the Italian Government on the rehabilitation of this industry but so far with no results.
- 2) The question of price of sulphur: Little if any control has been experienced on the price of sulphur or on crude sulphur. Small producers in Southern Italy are producing to their maximum and selling much at fantastic prices while the large Sicilian producing firms with an immensely greater potential are being discouraged by the rise of costs without any contemporary sulphur price increase.
- 3) Railroad transportation has been poor and irregular consequently sulphur accumulates at the mines rather than at the ports.
- 4) See folio 115 for brief organization of Sicilian sulphur industry.
- 5) Sulphur for agricultural dusting should have been made available for allotment. Sulphur grinding and distribution to be controlled. Farmers paying reasonable prices. Actually no allotment was made in time to effect either in 1943 or 1944 and the quantity, when allotted, was insufficient, consequently the black market prospered greatly.
- 6) It is estimated that the maximum sulphur production for the year 1944-45 will be about 50,000 tons. (See folio 112.)

7 Mar 45

Major

1804

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- 6) It is estimated that the maximum sulphur production for the year 1944-45 will be about 50,000 tons. (See folio 112.)

7 Mar 45

130.

CSO:

See folio 128 for report on Sardinian coal and pigment production and labor incident.

15 Mar 45.

133.
D/E.x.C.: to read folios 131-132, as indicated in red, for information. *see folio 125.*
27/3 noted. *see* 27/3

(215)

Ref: 5010/214/EO

7 May 1946.

SUBJECT: Miniere Cave di Predil.

TO : SACO, 13th Corps.

Domani

213

1. Thank you for your letter, ref 130/AMG/No.6-65/423, dated 24 April 46, and enclosures.
2. The previous reply of 15 April, 1946, did not reach this office.

For the Chief Commissioner,

DELOS DE JOHN

~~Inspector~~

Brigadier
Executive Commissioner

Copy to: Economic Section.

SB/5

*I love you.
Very much,
darling. Do you love me?
Yes, darling, you
are for my all life.*

1882

11/5/46

785017

~~6275~~ 5010 98
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
13 CORPS

Ex Comm
213

TELEPHONE No.:

29794 Ext. 45

Date 24 April 46

REFERENCE No.:

13C/AMG/No. 8-55/425

SUBJECT

Soc. An. Miniere Cave di Predil.

APR 26 1946

TO

Headquarters ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

1. Reference your letter 5010/203/EC dated 10/4/46.
2. Pursuant to para 2 of your letter it may be stated that on 15 April 1946 a reply ref. 13C/AMG/EC.16 to the original letter was sent to your Headquarters addressed to:

Allied Commission
A P O 394
(Attn. Economic Section)

3. In case our letter referred to above has been mislaid, herewith copy of that letter and its enclosures for your information.

For the Senior Civil Affairs Officer

Amaghunter
KENNETH COOPER
MAJOR F.A.
DEPUTY CHIEF ECONOMIC SECTION

KC/gl

See File 214
+ 215

1381

de
(CAPT DRG)

de
213

C O P Y

HEADQUARTERS

ALLIED MILITARY GOVERNMENT

Telephone No.: 29794 ext. 45

Reference No.: 13C/AMG/7c.6

Subject

: Soc. An. Miniere Cave del Predil

To

: Allied Commission, APO 394 (Attn, Economic Section)

1. Reference your letters 5010/200/EC of Feb. 25 and 5010/198/7C of 11 Feb. and letter this Section 13C/AMG/7c.6/297 of 5 March 1956. ¹⁹⁸ ²⁰¹ ²¹¹

2. Enclosed herewith is reply received from ACABRIT, ref. ACA/FOON/IND/MIN/9 dated 12 March 1946, which is self explanatory. ¹⁹⁸

3. In reference to para 1 your letter, ref 5010/198/7C of 11 Feb. there is no objection by this Headquarters to the reopening of subject plant. ¹⁹⁸

For the Sen Civil Affairs Officer

Signed

D.S. PICKERSTETH
Lieut Colonel
ECONOMICS

1880

CCPY

ALLIED COMMISSION FOR AUSTRIA
(British Element)

Tel. No:

ACABRIT 467

Economic Division
7, Wenzhgasse
WIENNA XIII.

Ref: ACA/ECOM/IND/MIN/9

To : Economic Section,
A.M.G., XIII Corps.
(Attn.: of Major Cooper)

Subject : S.A. Miniere Cave del Predil.

1. With reference to an enquiry made by you regarding 500 tons of Lead held by the Pleiberg BergwerkseUnion of Klagenfurt, Carinthia for the account of the Cave del Predil, we have been in communication with the Pleiberg Co. who have replied by sending certain copies of correspondence addressed by them to the Cave del Predil, from which it would appear that practically no stock of metallic lead is now held by them for the Cave del Predil.

2. As we understand that postal correspondence between Austria and Italy has now been resumed, it is assumed that the S.A. Miniere Cave del Predil can put themselves in direct touch with the Pleiberg Co.

3. If we can be of further assistance perhaps you will kindly let us know.

//
(attached)

A/Controller, 1879
Industry Branch,

To : Economic Section,
A.M.G., XIII Corps.
(Attn.: of Major Cooper)

Subject : S.A. Miniere Cave del Predil.

1. With reference to an enquiry made by you regarding 500 tons of lead held by the Bleiberg Bergwerksunion of Klagenfurt, Carinthia for the account of the Cave del Predil, we have been in communication with the Bleiberg Co. who have replied by sending certain copies of correspondence addressed by them to the Cave del Predil, from which it would appear that practically no stock of metallic lead is now held by them for the Cave del Predil.

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3. If we can be of further assistance perhaps you will kindly let us know.

A/Controller, **1879**
Industry Branch,
for Director, Economic Div.

12 March 46
CW/AHB:

C O P Y

Messrs.

Soc. An. MINITRE CAVE DI PREDIL
(R a i b l)

C a v e d e l p r e d i l
(U d i n e)

Prok. H.

28 February 1946.

Dear Sirs,

Lead Smelting Agreement.

We beg to refer to our various letters we addressed to you in January 1946 after resumption of mail communications between Austria and Italy and regret to note that evidently you had no possibility to reply by the same way.

As in the meantime the 770,1243 tons of lead which were at your disposal according to the statement in our letter of the 4th August 1945 had been delivered out we think it expedient to summon up our mutual delivery position as follows:

Metallic lead at your disposal on the 30/6/1945: 920,1243 tons

less your withdrawal on the 28/8/1945: :150.---

less your withdrawal on the

less your withdrawal of the	18/10/945	: 88.167
"	" 14/11/945	: 25.---
"	" 17/11/945	: 66.500
"	" 22/11/945	: 66.500
"	" 27/11/945	: 66.500
"	" 30/11/945	: 66.527
"	" 10/12/945	: 71.039
"	" 19/12/945	: 40.000
"	" 29/12/945	: 60.000
"	" 4/1/ 946	: 60.000
"	" 9/1/ 946	: 60.000
"	" 14/1/ 946	: 69.000
"	" 16/1/ 946	: 30.767

920,0000 "

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"	"	: 66.500
"	"	: 66.527
"	"	: 71.039
"	"	: 40.000
"	"	: 60.000
"	"	: 60.000
"	"	: 60.000
"	"	: 69.000
"	"	: 30.767

920,0000 "

==18243 tons==

still at your disposal:

Furthermore there are at your disposal at our Gailitz Smelters:
the Lead ores delivered by you during the 40th quarter corresponding to.....
(The exhaust lead contents will be determined after having carried out the assays for

292.000 tons

292.000 tons

of lead contents

785017

Messrs.

S.A. MINIERE DE PREDIL
(R a i b i)C a v e d e l P r e d i l

Ha.

4th August 1945
resp. 21st Sept. 1945

Dear Sirs,

We beg to confirm our letters of the 4th, 8th, 11th and 25th August a.c. which unfortunately we did not succeed in transmitting to you by intermediance of the British authorities of Klagenfurt. We try now another way and hope that this time our mail will reach you.

In the meantime we got into possession of your letter d.d. 29th August a.c. We are sorry that owing to a false statement made by our Smelters as to the Dry weight of lot No. 241 our invoice of the 16th March a.c. was addressed erroneously. Please find enclosed our new rectified invoice. We could not agree with your correction in the whole as you deducted the sum of RM 34.65 for railway & customs fees, whereas this amount must, of course, be added to the smelting charges.

Your position of deliveries as per your letter dd. 14th April a.c. is, therefore, correct as far as the exact total quantity delivered to our Smelters to the 31.3.1945 is concerned (33.364.328 n.d.metr.t).

We are, however, not in a position to consent to the estimated equivalent of pig lead due to you at the 30.6.1945 as our Gailitz Smelters ceased with their working by the end of April a.c. We could, therefore, achieve only part of your April quota per 100 tons whereas the remaining 292 tons of lead (May & June quotas) are still existing in lead ores.

Accordingly your lead positions for the months May, June and July a.c. result as follows:

Modified balance at your disposal for withdrawals during May 1945 (V.1.dd.15.	
5.1945.....	920.1243 tons
(i.e. Balance of 40th quarter not withdrawn at the 31.3.1945: 820,1243 + 100 tons produced lead in April 1945)	

For the same reason the balance at your disposal for withdrawals during June a.c. continues to be at 920.1243 tons

whereas the difference between the 920.1243 tons

submitting to you by intermeddiance of the...
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For the same reason the balance at your
disposal for withdrawals during June a.c.
continues to be at 920.1243 tons

whereas the difference between these 920,1243 tons of ~~lead~~ really
at your disposal by the end of June a.c. and the ~~estimated~~ ^{quant}
tity of recoverable lead which ought to be at your disposal
under normal circumstances at the 30.6.1945 amounting to:
(estimated) 292 tons of lead

is still existing in lead ores.

For orders sake we return to you enclose your letter
of the 15th May and 10th June 1945 showing this position which we
approved by principle subject to the alterations set out in the
above.

For the same reason all your lead ores delivered during
the 41st quarter (1.4.-30.6.1945) i.e. 293.357 n.d. tons are
equally existing in ores. We are, therefore, actually not in a
position to give our formal approval to your statements dd. 15th

- 2 -

July a.c. We would the same in evidence untill smelting of your will be resumed.

Concluding we would like to summon the actual position as follows:

Metallic lead at your disposal at the 30.6.45 920.1243 tons
less your withdrawal on the 28th August 1945 -150.---"
Today at your disposal 770.1243 tons

Additionally there are available at our Gailitz Smelters the following quantities of lead-ores:

Lead ores delivered during the 40th quarter corresponding to.....292.--- of

lead contents
approximately

plus the whole quantity of lead ores delivered during the 41st quarter..... 293.357 tons
lead ores

Please take note of the above calculation and oblige

Yours faithfully

1876

Ref: 5040/207/83

26 April 1946.

SUBJECT: Soc. An. Miniere di Predil (Raibl).

TO : CLO, Lombardia Liaison Group.

1. Reference is to your letter, dated 4 Feb. 1946, requesting information about the a/m British-owned Lead and Zinc Mine in Udine Province.
2. We are still endeavouring to obtain this information.
3. Enclosed herewith is copy of our letter to SOAO, Venezia Giulia.

H. D.D.J.
Brigadier
Executive Commissioner

1875

205

Ref: 5010/203/83

24 April 1946

SUBJECT: Soc. An. Miniere Cave di Predil (Raibl).

TO : SOAO, Venezia Giulia.

201 207 202
1. Reference is made to previous correspondence on this subject: our letter 5010/200/80, dated 25 Feb., your reply, 130/80/80, dated 5 March, and our letter 5010/203/80, dated 10 April.

2. Cannot something be done to expedite the promised report referred to in your letter of March 5th?

14 DDD.
Brigadier,
Acting Chief Commissioner.

Copy to: CLO, Lombardina Liaison Group.

See 307 & 213

1874

Ref: 5010/203/EC

10 April 1946

SUBJECT: Soc. An. Miniere Cave di Predil (Raibl).

TO : SCAG Venezia Giulia.

1. Further reference is made our 5010/200/EC dated 25 February and your reply 130/AMG/EC dated 5 March 1946.

2. Can you now furnish further information concerning action you have taken in this matter.

SK
Brigadier,
Acting Chief Commissioner.

1873

PA 14
RR

5010 46
K. X. Bickerteth
202
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
13 CORPS

TELEPHONE No.: 28794 Extn. 45
REFERENCE No.: 13C/AMG/EC 6./287
SUBJECT: Soc. An. Miniere Cave di Predil
TO: Allied Commission
APO 394
Office of Executive Officer.

Date 5 March 46.

MAR 8 1946

- 201
1. Reference your letter 5010/200/EC of 25 February.
 2. This office contacted a representative from the Economic Section of Allied Control Commission in Austria at a conference held in Venice recently. That office in Austria is looking into the whole matter and as soon as its report is received in this Section a reply will be submitted to you.

For the Senior Civil Affairs Officer,

D. S. Bickersteth

D.S. BICKERSTETH
LT. COLONEL
ECONOMICS

KC/ml

(MAR 4) 5010/200/EC 6./287
8/3/46

(1 copy)

13C/AMG/EC 6./287
8/3/46

201

Ref: 5010/200/23

25 February 1946

SUBJECT: Soc. An. Miniere Gave di Predil (Raibl).

TO : SCAG Venezia Giulia.

198

1. Reference our 5010/193/23 dated 11 February 1946 on the above subject.
2. May we now have information concerning the action you have taken in this matter.

For the Chief Commissioner,

See 7-202

SRAH.

L
Brigadier
Executive Commissioner

1871

P.A.
23/2
[Signature]

[Signature]

200
Notify below ~~all~~ of action on this case
as we go along.

Soc Am Minors
Cave de Piedad (Raihl)

B. Nogara

Palazzo Governatorato

Vatican State

Vatican Exchan

50141
55251

243

Was called in regard to 5202
SPH
11/3/46

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

11 February 1946.

Ref: 5010/198/EO.

SUBJECT: Soc. An. Miniere Cave di Predil (Raibl).

TO : SCAO, VENEZIA GIULIA.

1. Reference attached correspondence. If there is no military necessity for the continuance of the closing of the above plant, it is requested that it be released to the owners so that they may again go into production.

2. This HQ considers that the reopening of the plant will be beneficial to Italian economy.

N. W. HIND-SMITH

Brigadier,
Acting Chief Commissioner.

Copy to: Allied Commission
Chief Liaison Officer, LOMBARDIA.

Economic Section (For CMA Branch) Your letter 5010/197/EO
returned.

See M. 199

198

194 + 195

See 201

197

8/2/2

Ref: 5010/197/80

8 February 1946

SUBJECT: Soc. An. Miniere Cave di Predil (Raibl).

TO : Economic Section.

1. Forwarded herewith is CLO Lombardia letter LOMB/CLO/1 dated 4 February 1946 with attached letter dated 25 January 1946 from Soc. An. Miniere Cave di Predil (Raibl).

2. Please take appropriate action and prepare reply to Col. Hancock for the signature of the Executive Commissioner.

SKH.
Brigadier
Executive Commissioner

See M. 196 & F. 198

1868

SKH.
6/2/46

PP
9/2
CH

5010-40
1952
HEADQUARTERS
LOMBARDIA REGION LIAISON GROUP
ALLIED COMMISSION
APO 394

Office of the Chief Liaison Officer

LOMB/CLO/1

4 February 1946.

FEB 7 1946

SUBJECT: Soc. An. Miniere Cave di Predil (Raibl)

TO : Executive Commissioner, Allied Commission H.Q., Rome

194
1. Attached is a report regarding a British Lead and Zinc Mine in Udine Province which has had to cease operations owing to former arrangements for smelting ore in Austrian territory having been suspended by action of Property Control in Austria.

2. May I be informed of any steps that can be taken to solve the problem for communication to the representative of the British interest in Milan.

Difficult

Col. A. N. HANCOCK, O.B.E.
Chief Liaison Officer

Encl.

See M. 196 & F. 197. 198

1867

LAMB/CLO/1

4 February 1946.

FEB 7 1946

SUBJECT: Sec. An. Miniere Cave di Predil (Raibl)

TO : Executive Commissioner, Allied Commission H.Q., Rome

194

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William C. C.

Col. A. M. HANCOCK, O.B.E.
Chief Liaison Officer

Encl.

See M. 196 & F. 197. 198

1807

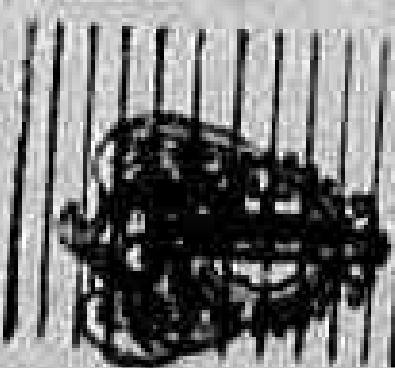
(MAD H)
5/2/46

5010 / 5010 1946

Soc. An. Miniere Cave del Predil Raibl

SEDE SOCIALE IN ROMA - DIREZIONE ED AMMINISTRAZIONE IN CAVE DEL PREDIL

CAPITALE L. 4.749.500 INTERAMENTE VERSATO



C.P.C. N° 2050 UDINE
CONTO CORR POST N° 11/2486

N° _____

DA CITARE NELLA RISPOSTA

RISPOSTA AL _____

IN DATA _____

To

Col. Arthur M. Hancock
Chief Liaison Officer
Lombardy Region

Liaison Group
Allied Commission

M I L A N.

Cave del Predil 25th January 1946.
(UDINE)

OGGETTO:

Re: British Lead and Zinc Mine
at Cave del Predil, (Udine).

Refined Lead

Under a standing agreement entered into in 1935 with the Bleiberger Bergwerk-Union A.G. of Klagenfurt, Austria, the Lead Smelters at Gailitz near Arnoldstein, Austria, undertook to smelt the lead ores produced by the British Lead and Zinc Mine at Cave del Predil (Raibl) and to ship to the mine the refined lead obtained from this operation.

The lead ores and the refined lead in transit were permitted to cross the two frontiers free of customs duty by special arrangement between the governments of the two countries.

Before the occupation of the Austrian territory by the Allied Forces the above smelters held in lead ores shipped by the Mine the equivalent of about 500 tons of refined lead, which on the basis of the above mentioned smelting agreement was to be shipped to Tarvisio for delivery to the Mine.

Smelting operations have been suspended by order of the Property Control-mil. Govnt. Staff (Austria) already in May 1945 and have not yet been resumed although from informations received the Smelting-works were at that time well stocked of fuel (coke) for the continuation of operations.

Cave del Predil
(UDINE) 25th January 1946.

C. P. C. N° 2090 UDINE
CONTO CORR POST N 11/2486

N° _____

DA CITARE NELLA RISPOSTA

RISPOSTA AL _____

IN DATA _____

To Col. Arthur M. Hancock
Chief Liaison Officer
Lombardy Region
Liaison Group
Allied Commission

M I L A N.

OGGETTO:

Re: British Lead and Zinc Mine
at Cave del Predil, (Udine). Refined Lead

Under a standing agreement entered into in 1935 with the Bleiberger Bergwerk-Union A.G. of Klagenfurt, Austria, the Lead Smelters at Gallitz near Arnoldstein, Austria, undertook to smelt the lead ores produced by the British Lead and Zinc Mine at Cave del Predil (Raibl) and to ship to the Mine the refined lead obtained from this operation.

The lead ores and the refined lead in transit were permitted to cross the two frontiers free of customs duty by special arrangement between the governments of the two countries.

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At the present stage the Mine holds in lead ores an equivalent of another 400 tons of refined lead and is ready

./.

TELEF. N. 5 - TELEGR. - BLEUDA - CAVE DEL PREDIL

A Col. Arthur B. Hancock

193

N° 2

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

tu resume production as soon as the Smelters will be in a position to treat the Mine's output.

The Company operating the Mine is British owned and cannot remain idle indefinitely owing to the high cost of providing the means of existence to its employees. On the other side the Italian industry is short of refined lead.

It is therefore of the highest importance for everybody concerned that the Lead Smelters at Arnoldstein shall resume operations at the earliest possible date.

Yours faithfully,

BEWICK, MOREING & Co.
General Managers

p.p.

[Signature]
General Superintendent

1805

5010
DUPLICATE

142
b/H037/1859

MEMORANDUM FOR THE ALLIED COMMISSION OCT 19 1945

Subject: Idria mercury mines.

1. The President of the Monte Amiata Mining Co. has informed that the Yugoslav authorities have occupied the Idria mercury mines, dismissing the manager Signor Pellis and appointing a new management, though not officially stated. Signor Pellis was told that the present management was only a temporary one, under the military authorities.

2. The Yugoslav found only one Spinek furnace fully efficient; the other three, damaged by bombing, are still out of use.

At present the plant employs about 400 workmen and the production averages 150-200 bottles a month.

3. The stock of mercury, which had been hidden by the Germans, was removed by order of the Yugoslav Ministry of Forests and Mines to an unknown destination. The stock amounted to about 4300 bottles; other 300 formerly taken by the Germans to Lubiana have been also removed. The present value of the aforesaid mercury amounts to over 125 million lire.

4. On the ground of the aforesaid information, it appears necessary and urgent that representatives of the Monte Amiata Co. be authorized to go to Idria, possibly accompanied by Yugoslav officials.

5. The British and American Embassies, have also been interested in the matter.

In this connexion the United States Embassy have replied that they have referred the aforesaid proposal to the Allied Commission, informing at the same time the United States Government of the question.

6. The Ministry for Foreign Affairs thank the Allied Commission for those steps they will deem fit to take in the matter.

RECEIVED
OCT 14 1945

B.I. 173

MEMORANDUM FOR THE ALLIED COMMISSION OCT 19 1945

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2. The Yugoslav found only one Spinek furnace fully efficient; the other three, damaged by bombing, are still out of use.

At present the plant employs about 400 workmen and the production averages 150-200 bottles a month.

3. The stock of mercury, which had been hidden by the Germans, was removed by order of the Yugoslav Ministry of Forests and Mines to an unknown destination. The stock amounted to about 4300 bottles; other 800 formerly taken by the Germans to Lubiana have been also removed.

The present value of the aforesaid mercury amounts to over 100 million lire.

4. On the ground of the aforesaid information, it appears necessary and urgent that representatives of the Monte Amiata Co. be authorized to go to Idria, possibly accompanied by Yugoslav officials.

5. The British and American Embassies, have also been interested in the matter.

In this connexion the United States Embassy have replied that they have referred the aforesaid proposal to the Allied Commission, informing at the same time the United States Government of the question.

6. The Ministry for Foreign Affairs thank the Allied Commission for those steps they will deem fit to take in the matter.

Rome, October 17th, 1945



B.C. 26/10/45
 1864
 193
 10/10/45
 10/10/45
 10/10/45

In (CHART WHITE) (Action COPY TO Com Sec)

5070 88

9x Room 2
191

CA 16 20196
OCT 101515A

0/651
OCT 111530A
ROUTINE

TROOPING

ALCOM INFO BRITISH ARMY STAFF WASHINGTON FOR CGAC. AFHQ

OCT 12 1945

UNCLASSIFIED.

Refer LAC airmail 14. This is PAT 164.

First consignment mining supplies shipped on EMPIRE NIVAL MK27 which sailed
2nd October.

DISC

ACTION: Reg Div 4
INFO: Chief Commissioner
Ex Commissioner 2
Room Sec 2
CC to B Sub
CA to 13 Sub
Finance
File 2
Post



PA
Emw
17/10

1863 12/10

(Rat White)

785017

5010
A
Executive Committee
190

HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION

Tel: 489081
Ext: 559

AFR/cc.

Ref: Mines-911.1

23 June 1945.

JUN 25 1945

SUBJECT: Cave del Predil - British owned. Lead & Zinc Mine.

TO : Finance Sub-Commission, HQ. A.C.
Attn: Property Control Division

N/R
N/R
N/R

1. Reference is made to your AC/UD 301 B/CP of 9 June and to our Mines-911 of 8 June.

2. An immediate market for Zinc and Lead concentrates is unlikely, particularly as the company is outside the combine which normally shipped to Italian smelters, none of which are now operating. On the other hand it is impossible at this level to foresee the position of the export market in six months' time.

3. Three courses are open to the management:

a. To continue production against a future market.

b. To enter upon a development programme with a somewhat reduced labour force.

c. To put the mine on maintenance basis only.

The decision as to the future operations is one which can be taken only by the General Managers in London, Messrs Bewick, Worsley and Co., in accordance with the policy to be laid down by the shareholders.

(C. H. Arnold)

186
A
N/R

- 2 -

(189)

The Mining Division does not feel in a position to make recommendations which involve financial considerations at a high level. The former Italian directors are not in a position to act until they are re-appointed by a general meeting of the shareholders.

4. This Sub-Commission is discussing with the Economic Section the advisability of placing enough information in the hands of the General Managers for them to come to a decision.

5. The immediate steps which appear necessary are as follows:

a. The regularization of the position of the General Superintendant and holder of the power of Attorney. Mr. J. A. Nogara, by his appointment by Property Control as Commissioner. Otherwise, until he can be in contact with his superiors, he may be handicapped in his dealings with the former Sequestrators and with banks. This appointment will undoubtedly meet with the approval of the General Managers since he has been in their employment in various parts of the world during the whole of his professional career and has done his best to look after their interests during the period of sequestration.

1861

188

- 3 -

b. The return of the documents of Soc. An. Min. Cave di Predil from the former Sequestrators, Azienda Minerali Metallici Italiani. These documents are probably at the Glusone Office of that company but their whereabouts are not certain.

6. It is noted that the Bank of Friuli is unwilling to negotiate a loan on the security of stocks of concentrates.

Maintenance of the mine is essential until the owners can arrange to finance further operations. In addition it would be desirable to maintain and employ the staff and a nucleus of labour to prevent the dispersal of an efficient and loyal body of men. To this end it is recommended that Mr. Nogara be supported in his negotiations to secure funds from some other source against the security disliked by the Bank of Friuli.

A. H. Glendinning

A. H. GLENDINNING, Lt. Col.

For W. J. MURPHY,
Lt. Colonel,
Acting Director,
Industry Sub-Commission.

c/c - Finance S/C

(3) Suggested allocation of copies
(i) Property Control Div.
(ii) Reg. Property Control
(iii) Commercial Secretary
H.B.M. Embassy

Economic Section (1)
Exec. Commissioner 1
Industry S/C (1)
Float (1)
Files (3)

1880

5010.6
Tel. 406

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION
PRODUCTION DIVISION

DLA:lrw
184

Ref. ES/12.04
x3.03

12 June 1945
JUN 14 1945

SUBJECT: Cave del Predil Zinc-Lead Mine

TO : Executive Commissioner
183 165 166

1. I refer to your 152/6/EC dated 16 May 45
and to AMG 8th Army Situation Report of 10 May 45.

2. Attached as instructed is a copy of the
report made by Captain Radcliffe of the Industry Sub-
Commission on the above-mentioned mine. I strongly
recommend, however, that it be not forwarded to Messrs.
Bewick Moering and Company of London for the following
reasons:

- A. It is no part of the Allied Commission's
functions to report on Italian property
of British ownership to its owners.
- B. So far as I understand, decision has not
yet been given on the question of the entry
into Italy of British and American represen-
tatives of the owners of plants, etc., in
Italy.
- C. If a report such as that attached were to
be sent to the owners of the mine, a prece-
dent would be established which might involve
the Commission in reporting on many similarly
owned properties, a work much beyond its
capacity.

D. L. Anderson
D. L. ANDERSON
Brigadier
Deputy Vice-President
1859
see M.185
see M.185
Noted A. 17/6

Enclosure
9

HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION
MINING DIVISION

Tel: 559

AFR/cc.

Ref: Mines-911%

6 June 1945.

SUBJECT: Cave del Predil Zinc-Lead Mine, Report.

TO : Chief, Mining Division, Industry S/C.-

The British owned Zinc and Lead Mine of CAVE DEL PREDIL was visited on 21 and 22 May 1945. Apart from damage by Yugoslav partisans during the past year and a half, the mine and plant, including the main hydroelectric power station are intact. The following notes are submitted.

HISTORY AND OWNERSHIP.

The mine, which had been worked for lead as far back as the fourteenth century, is in territory which was ceded by Austria to Italy after the war of 1915-1918.

The mine was operated by the Italian State for a few years but, in 1923 and 1924, concessions were leased to a British group. The lease, unless renewed, will expire in 1963.

Società Anonima Mineraria Cave di Predil was formed and registered at 10, Via Francesco Crispi, Rome. All shares in the Italian company

- 2 -

182

are held by British Nationals. Except for a block of bearer shares and a small parcel in the name of London, Australian and General Exploration Coy. all shares are held by Southern European Metals Corporation Ltd., through which New Consolidated Goldfields Ltd., and British Metals Corporation have an interest.

The management is in the hands of Messrs. BEWICK, MOREING and Company of 62, London Wall, E.C. 2.

The Italian members of the board of Soc. Cave di Predil are:

Ing. Camillo Cerruti, of Milan, Chairman.
" Bernardino Nogara of Rome.
" Leone Testa of Rome.
Gen. Giuseppe Pinna Cabone, of Rome.

All these gentlemen are available although Ing. Cerruti is believed to be in poor health. The former deputy chairman, Ing. Camerana, died in 1940. The Secretary, Avv. Giobbe della Bitta, is also available.

CONTROL DURING THE WAR.

On the declaration of war by Italy the mine was sequestered and placed under the control of Azienda Minerali Metallici Italiani (A.M.M.I). This Firm retained the services of Mr. J. A. Nogara who had been General Superintendant under Messrs. Bewick Moreing and Company since 1933. Mr. Nogara, ably assisted by a loyal staff, has thus been able to look after the interests of the British company throughout the war period.

1857

- 3 -

181

A former 'Sindaco' of the company, Rag. Aldo Sporeno, was appointed to an analogous position by the Sequestrators; he by representing the financial situation as very confused and by taking advantage of the block of bearer shares succeeded in deferring proceedings for substitution of the shares in British hands with new shares. Throughout the period Mr. Sporeno cooperated with Mr. Nogara and the mine accountants in the interests of the British owners.

In January 1944 a new Sequestrator, Ente di Gestione e di Liquidazione Immobiliare (EGELI) was appointed. This organization utilized A.M.M.I. as their agents, thus no change was effected.

From 12 September 1943 German controllers were appointed and Mr. Nogara was virtually a prisoner.

Most of the senior staff of the mine were under arrest at some time or other, all are, however, at their posts.

DAMAGE BY YUGOSLAV PARTISANS.

The following damage was suffered by the mine and plant:

a. On 18 Dec. 1943 the Diesel Power Station was entered by Yugoslav partisans and the 800 HP Diesel engine was completely destroyed together with transmission gear, the 600 HP set was severely damaged and the structure of the engine house was damaged by the explosion.

- 4 -

The transformer and the switchboard in the same building escaped the attention of the demolition party. The alternator of the larger set was also undamaged. Repairs have been effected to the smaller set and a new engine to replace that demolished has been acquired from Ditta Tosi and is awaiting delivery by that Firm.

b. On 23 March 1944 one turbine set out of two at the Bretto auxiliary power station was destroyed.

c. On the night of 27-29 June a party entered the mine through the Bretto drainage adit and destroyed the pumps and hoist of the internal shaft serving the two lower levels. Two pumps have been acquired from Ditta Marelli and are awaiting delivery. A hoist which had been destined for a second internal shaft is available for installation in place of that undamaged.

GENERAL STATE OF MINE AND PLANT.

Owing to the labour shortage and to the various governmental and military controls, development was neglected during the whole war period with the result that reserves have fallen from two million to one and a half million tons. Otherwise the mine is in a good state of repair apart from the flooded workings, which extend to 80 meters below the drainage adit.

- 5 -

179

The mill is intact. The erection of the new Sink and Float plant was completed but the plant was not run, various excuses having been made to avoid running it for the benefit of the enemy.

The plant could run providing reagents can be obtained.

LABOUR.

In 1939 a high proportion of the ex-Austrian labour and staff opted to go to Austria under the agreement of that year between Mussolini and Hitler. This left the mine very short of labour and Friulans and Slavs were recruited in their place.

In May 1944 Bretto di Sopra, the village in the neighbouring valley draining into the Isonzo River, where the mine workers of Slav origine normally lived was burnt and completely gutted by the Germans, this act may have been as reprisal for Partisan activities. Most of the inhabitants of this village moved to Cave del Predil, thus for the first time Cave del Predil housed workers of Slav origine in appreciable numbers.

On the surrender of the Germans in Italy a detachment of Yugoslav troops accompanied by a Commisar moved into Cave del Predil. They were soon followed by Allied troops but in the meantime they had arrested a number of persons, nearly all of Italian nationality, on the excuse that they

- 6 -

178

were suspected of 'collaboration'. A number of Slavs were also forced to enrol in the Yugoslav Army. On the date of my visit 41 persons, workers and employees of all types, were still held by the Yugoslavs. There was every hope that as a result of the efforts of the Civil Affairs Officer, Tarvisio, these individuals would be released pending review of any sentences passed by Yugoslav Military Courts.

At the time of my visit only between 70 and 80 labourers and tradesmen were available but as the political situation eases it is expected that many more men will return to the mine.

SUPPLIES.

Stores are somewhat depleted as a result of German requisitions. At the same time regular releases of common user supplies were arranged by the Germans.

Stocks of supplies are as follows:

Mine

Explosives and accessories - 6 weeks' supply on development basis or enough for one month on limited production.

Calcium Carbide

- 3 months' supply at normal consumption.

1853

- 7 -

177

Mill.

Sodium Cyanide	- 2 to 3 weeks' supply.
Thiocarbanilid	- 1 month's supply.
Copper Sulphate	- ""
Silicate of Soda	- 2 months' supply.
Other reagents	- Supplies for about one year.
Steel balls	- Over six months' supply.
Ball mill liners	- In fair condition but no reserves.

Stores and plant to the value of over 9 million lire are on order from Italian Firms. All plant damaged by the Yugoslav partisans is included. The majority of the items are believed to be ready for delivery.

The German controllers on their departure indulged in a certain amount of looting.

PRODUCTION.

In 1944 the production was as follows:

Lead concentrate	2,415 dry tons.
Zinc concentrate	21,354 " "

This represents half the normal production of Lead concentrate and two thirds that of Zinc concentrate.

During the war the Lead content of run-of-mine ore dropped from between 1.8% and 2.0% to about 1.4% while 1.2% has been recorded.

1852

- 8 -

(176)

The Zinc content remained constant at 11%. The reduced Lead content was due to exhaustion of the leady stopes and to the neglect, under orders of controllers, of development. Advantage was also taken of the incompetence of the German controllers to curtail production.

STOCKS.

Lead concentrates continued to be sent to the Bleiberg Bergwerks Unions Smelters at Arnoldstein across the Austrian border, the recoverable Lead being credited to the mine.

Stock held are as follows:

<u>Zinc concentrates</u>	- at mine	- 8,235 dry tons	
<u>Lead concentrates</u>	- "	- 599	nn
	- at Smelter	- 878	nn
<u>Soft Lead</u>	- at Tarvisio	- 254	nn
	- at Smelter	- 820	nn

The value of the stocks calculated on the German controlled prices is 40 million lire. It is premature to calculate the potential value under future conditions.

SCAO Eighth Army has been given the figures for the stocks at the smelters in order that they may be credited to the mine. The stocks of Lead concentrate at the smelters (878 tons) are said to contain 587 tons of recoverable lead;

1851

- 9 -

175

these concentrates were shipped in February, March and April and the lead content has not yet been agreed between the two parties. Thus the total soft lead to be credited to the Smelters is 320+587 or 1,407 tons subject to agreement as to the assays of the more recent shipments.

TRANSPORT.

All vehicles barring one taken by the Yugoslavs had been removed by the Germans.

C.A.O. Tarvisio has the details and is endeavouring to trace the vehicles.

The aerial ropeway to Tarvisio railway station for the transportation of concentrates is intact. The railway between Tarvisio and Udine is interrupted.

POWER.

The main hydroelectric power station at Plezzut will suffice for full operation except during the dry season when power will be in short supply.

1850

- 10 -

(174)

FINANCE.

The financial position is complicated particularly as accounts for study by the Sequestrators and German controllers have been rendered as complex as possible.

Negotiations are in progress with the Bank of Friuli for a loan of 10 million lire to be secured by stocks at the mine. Of this sum 3 million have already been arranged on the authority of the local manager, if the balance is approved the mine will have funds for several months. The mine also has overdraft facility for 3 million lire on an old guarantee from Southern European Metal Corporation Ltd.

Immediate debts amount to 3½ million lire.

The mine is also creditor to the following extent in respect of shipments of Zinc conc.

German Firms.

Metallgesellschaft	3,920,083.50
Montangesellschaft	11,626,874.05
	15,546,957.55

Italian Firms.

Soc. Montevocchio	2,774,715.05
Total	18,321,672.60 lire

Against this the company is debtor to approximately the following extent:

1849

- 11 -

173

German and Austrian Firms.

Bleiberg Bergwerks Union, in respect
of returning charges, about 1½ million lire

Advance payment on interrupted ship-
ment of soft lead from Arnoldstein 2 " "

Italian Firms.

Claims by A.M.M.I. on account of
loans, about 12 " "

Taxes for four years are also due, the assess-
ment never having been established.

The mine has on order plant and stores to
the following value:

Payments already effected	5,304,985.32
Payments to be effected on delivery	4,118,131
TOTAL	9,118,116.32 lire

FUTURE OPERATIONS.

If copper sulphate, without which the mill
cannot run, is made available the mine can recommence
production as soon as the labour, now scattered as a
result of the political situation, returns. On the
other hand in view of the urgent need for development
it seems advisable to limit production to 500 tons
of crude ore per day as the labour force likely to
be available will hardly be adequate for both full
scale production and development. A good 300 men
could be employed on development alone over a fairly

1848

- 12 -

172

long period and such a programme would materially benefit the mine. On the other hand the cost of a development programme without production would be prohibitive. The factor ruling the production programme is the availability of copper sulphate which is also badly needed by agriculture.

It is strongly urged that facilities be offered to the London Managers to visit Italy in order that the financial position may be studied, the Board of Italian company be reconstituted and the programme of future operations be determined.

A. F. RADCLIFFE ,
Capt. R.E.,
Mining Division, Ind. S/C -

1847

785017

ALLIED [REDACTED] COMMISSION

INTER-OFFICE MEMORANDUM
Office of the Executive Commissioner

AM/0001

SUBJECT: HQ. 8th Army - Situation Report
as at 2359 hrs, 10 May 1945

FILE No. 5010/171/10

TO

Records Section
attn: Captain Atkins

9 June

1945

1. Reference your J.03/13 of 30 May in reply to our
152/6/13 of 16 May, re: above subject.

2. In your letter you stated that no action should be
taken on para 11 of the above-mentioned report until Captain
Endcliffe returns.

3. According to our recent conversation, Captain Endcliffe
has returned and it would, therefore, be appreciated if you
would inform this office what action has been taken.

A. B. ARNOLDY.

Chief Staff Officer
To Executive Commissioner

Tel. 486

152
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION
PRODUCTION DIVISION

16Y
CWA:lrw

Ref. 3.03/ES

30 May 1945

MAY 31 1945

(166)
SUBJECT: HQ AMG Eighth Army Situation
Report as at 2359 hrs. 10 May 1945

TO : Office of the Executive Commissioner

1. Reference your 152/6/EC dated 16 May 45.

2. Mining Division records show that the mine at LAVA DEL PREDIL ~~is~~ lead-zinc property, not tin. Mining Division also state that this property was operated under the direction of Capt. Radcliffe before the war. This officer is now at this property on an inspection trip and it is therefore recommended that no action on para 11 of the above-mentioned report be taken until Capt. Radcliffe returns.

C. W. Atkins, Capt.
C. W. ATKINS, Capt.
S.O.III
Economic Section

see 171

see M 266
16843694170

166

Tel : 735

Ref/152/6/EC.

16 May 45

SUBJECT : HQ AMG Eighth Army Situation
Report as at 2359 hrs, 10 May 1945.

TO : Economic Section.

165

The Executive Commissioner draws your attention to para 11 of the above mentioned report. Appropriate action should be taken.

A. E. ARNOLDY.

Chief Staff Officer
To Executive Commissioner.

Per 154

1844

EXTRACTFromBy AMG EIGHTH ARMY - SITREP AS AT 23.59 HRS 10 MAY

165

" 11. As regards the Tin mine referred to in para 4, it is requested that information be conveyed to Messrs. BEWICK MORING & Co. Ltd. who are London managers, whose address is 62, London Wall, LONDON E.C.2., that the manager of the mine, Sig. NOGARA is well and has been looking after their interests throughout the war period.

Signor NOGARA has requested that a representative of BEWICK MORING should come out as soon as it is possible, to look into the affairs of the mine. "

Sub

1843

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

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

FILE

164

5016
EC

5th May 1945.

To: Vice-President,
Economic Section.

SUBJECT:

Coal for the North.

The following message has been received from the Political Advisers:-

"Yesterday Committee (CLNAI) put forward plea for urgent supplies of coal to enable factories to be re-opened. AMG learn that 8000 tons of coal are loaded in wagons standing in different sidings in SWITZERLAND. These were frozen as a result of all Allied and Italian diplomatic pressure against sending supplies to Republican Italy."

Please take immediate action and report on it to me. for C Com.

M. S. LUSH

1842

Brigadier.
Executive Commissioner.

Action on File
5016/EC

Noted
1845
1845
1845

2 (UP)

Ref: 801/132/EC.

25 April 1945.

Chief Commissioner.

1. Lieut. Colonel ELLIS, who is visiting this theatre on general liaison duties from the War Office, discussed the following matters with me this morning:

(a) Officials of British Ministry of Food and Supply. Normally these officials are attached to the Allied Commission. For various reasons he regards the situation as slightly anomalous. He points out that when competitive buying as between British and American (Government) purchasers, is brought into force, it will be anomalous to have competition between officials all belonging to one Commission. He therefore suggests that these officials should be attached to the British Embassy and should receive their instructions for purchasing Italian exports through the Embassy (Commercial Counsellor). They would then use the Allied Commission for all further operations. The EC is at present a relatively negligible purchaser but Lieut. Colonel Ellis suggests that the same procedure should be adopted if and when they come into the Italian export market and understands that Mr. Antolini agrees. I have asked him to clear the matter with the British Embassy before taking it further.

(b) Coal from SARDINIA. Lieut. Colonel Ellis considers that the reduction in output is due, not so much to political or labour troubles, as to the action taken by ANRA in the middle of last year in compulsorily reducing the output owing to the large stocks held at Sardinian ports. He points out that it is very difficult to increase output once a policy of reduction has been affected and labour has been laid off. He is against forcible measures to increase output and considers that it will gradually regain its old level.

(c) Requisitioning of 361,000 tons of coal. He points out that there is some confusion as to the breakdown of the requisition for coal which has been included in Programme "A" (military needs). He points out that unless the breakdown is made clear, the Coal Control Commission, at any rate in London, will find it extremely difficult to pass the requisition.

1841

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(d) Civilianisation of British Personnel. He agrees that it is most improbable that any but a negligible number of British civilians will be forthcoming. I have pointed out to him that it will be prudent, if not essential, that we should be able to offer civilian terms and conditions of service to British officers who might wish to remain, say on the Economic side of the Commission, or whatever may take its place after the end of hostilities. Otherwise we shall be faced with a civilian American team and a British military team, or more probably, no British at all. He has asked that this should be represented to the War Office and will follow it up on his return. I will address a letter to ANHQ for your approval.

M S LUSH

MSL/AC.

Copy to:

Economic Section.

Establishment Section.

File 259/EC (Ref Para (a))

589/EC (Ref Para (a)) and (c)

1841

File

162

Extract of Minutes of Executive Commissioner's Meeting held on 24 April.

Coal Mines in SARDINIA.

Brigadier Anderson reported that production of coal had now reached normal. His own opinion was that there might be a recurrence of trouble with the miners.

1840

GR

PA
25/4

159
File 5010/EC.

APR 18 REC'D

Extract of Minutes of Executive Commissioner's Meeting held on 17 April 1945.

+++++

158
Coal Mines in SARDINIA. Egan Seo said that the previous minutes were incorrect. The paper they had prepared reflected the views of engineers in the field. Brigadier ANDERSON was now dealing with the matter. He stated that in his opinion we were not in a position to say to the Italian Government that they had been inefficient and that the mines must be returned to our control. The Italian Government had requested that the Rome gas ration should not be cut until they had sent six of their engineers to SARDINIA to report. Egan Seo were now awaiting this report.

See m. 160

1539

Butler & Co. Fike
Sahm 21/4 No 62 gr.
PA 19/4
H24 19/4
H24 19/4

156
*Extract of Exec. Commission Meeting
held on 13th April 1945*

2. Coal Mines in SARDINIA. Econ Sec reported on the present situation. At the time the coal mines were turned over to the Italian Government production was 40,000 tons a month and it was now down to 20,000 tons a month. The target was 100,000 tons a month. Econ Sec said that production had not fallen due to any lack of labour but was purely a political slowdown. They had prepared a paper raising the question of the mines being returned to our control. This was being sent to CC through A/Ex C. There was considerable discussion on the question of taking over control of the coal mines. A/Ex C said this could not be done without the use of considerable numbers of military personnel. No coal was being imported into Italy until June or July and the country was depending upon Sardinian coal. Econ Sec said that as a result of the decrease in production there would have to be a 50% cut in the Home gas ration. The suggestion was made that a member of the Italian Government should go and talk to the local agitators telling them that the decrease in coal production was sabotaging the war effort. It was decided that Econ Sec would see members of the Italian Government and tell them that the slowdown amounted to sabotage and that unless the slowdown was stopped publicity would be started to the effect that it would lead to a curtailment of the gas ration and other facilities.

see folio 159

Copy

HEADQUARTERS
REGIONAL MINING DIVISION
ALLIED COMMISSION REGION VI
APO 397

Ref: 319.13212

9 April 1945

APR 13 1945

SUBJECT: Report, Weekly.

TO : Hq. ALCOM, Industry S/C, Mining Division
APO 394.

1. Coal Mining.

Production for the week ending 7th April totaled 4851 tons of washed coal.

A further 800 tons of C/10 coal was reclaimed from old stocks at S. Anticeo previously unreported.

The white strike or slow-down at the Bacu Abis group of mines, at the time of writing appears to be nearly over and it is hoped that production will shortly return to normal.

At the South Group a white strike is in progress at 4 out of 6 mines comprising this Group. Production at the time of writing is about 300 to 400 tons per day for the whole of the South Group, as against 1100 tons normal average daily production.

No action has been taken from Carboard with the object of closing the non-producing mines, as it is felt that such action would cause a riot with resultant damage to irreplaceable machinery.

1837

See M. No

(S. Mas River)

156

It has been suggested to the High Commissioner by the Regional Mining Division that the supplementary food ration, which was given to the miners with the object of providing sufficient calories to produce coal, should be withdrawn from those miners who are participating in the white strike. The High Commissioner is considering what action he will take.

Maj. Matthews will be in Rome on 11th April and will discuss the situation.

2. Metal Mining.

No change.

For The Chief, Regional Mining Division

.....
G. F. HATCH, Major
Reg Mining Division--

Secret

5010

Copy

HEADQUARTERS
REGIONAL MINING DIVISION
ALLIED COMMISSION REGION VI
SARDINIA

Ref: 319.1321E

4 April 1945

APR 13 1945

SUBJECT: Report, Weekly.

TO : Hq Alcom, Industry S/C, Mining Division,
APO 394.

1. Coal Mining.

Production for the week ending 31st March
totalled 8215 tons of washed coal.

A further 2041 tons of 0/10 coal was reclaimed
from old stocks at S. Anticco previously unreported.

The white strike or slow-down at the Bacu Abis
mine began on 15th March and ended on 23rd March. At the
time of writing the white strike has started again at
Bacu Abis and has spread to the Serbaria or South Group
of mines.

The outlook for April production is grave.

A meeting was held on 2nd April between Carbosard
and the Bacu Abis miner's representatives. The Prefect
of Cagliari and the Regional Mining Division were re-
presented.

The miner's representatives complained that the
piece work rates in force at Bacu Abis were too low and
that they compared unfavorably with the rates in force
at the South Group. It was explained by President Sanna
the piece work rates at Bacu Abis were still on trial
and that it was impossible to adjust them while the white
strike continued.

1835

(MA RIVELI)

See M. 100

154

He said that a study of all the piece rates showed that an upward revision of those at Bacu Abis was justified. He offered to make an adjustment based on April results provided that a normal production was maintained. President Sanna further offered to make the new figures retroactive from 2nd April.

The miner's representatives said that they had shown their willingness to cooperate when they had closed the white strike on 28th March after hearing that a meeting was to take place and that they agreed now to the above proposal. In spite of this the white strike was again started at Bacu Abis on 3rd April.

On 2nd April a meeting was held between Carbosard and the South Group miner's representatives. The miners asked for a straight wage of £ 35 per hour for miners and £ 25 per hour for helpers including all allowances except family allowances.

President Sanna explained to the meeting that basic wage was set by the Italian Government not by the Coal Company and that the High Commissioner had arranged a meeting with the representatives of labour and industry on 3rd March. Unfortunately the labour representatives had asked for a postponement of this meeting for a few days in order to collect statistics.

The miner's representatives agreed to continue working until the meeting with the High Commissioner had taken place.

In spite of this undertaking a number of the mines in the South Group have now joined the white strike.

It is the opinion of this Headquarters that these white strikes are organized by the same group of agitators that have caused repeated strikes for the past year. It is the intention of these men to make

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the operation of the mines impossible, with the object of bringing about a change of management, more sympathetic to their particular political leanings.

The white form of strike is popular as it enables men to do no work and still continue drawing supplementary rations and pay.

If the production at Eacu Abia continues to be negligible it is expected that the mine will be closed in the near future by the management.

Daily production figures for both North and South Group are being signaled to Alcoa MNC each day.

Production charts for February and March have been sent with this report as requested.

2. Metal Mining.

Shipment of 370 tons of painting pigments on SS ABBADIA and 50 tons of metallic lead on SS HILDA ROMAN will take place in a few days time.

For The Chief, Regional Mining Division:

/s/ G. F. Hatch.....

G. F. HATCH, Major
Reg Mining Division.

1833

5010
CONFIDENTIAL

EXEC COMM

FX 57744
AIR 100931B

D/7314
AIR 101845B
ROUTINE

From: AFHQ SIGNED ALEXANDER GITE FIBRO, FRODS, FROUP, FRODM, FROAO
To: INFORMATION TO ALCOM HOME

APR 11 1945
FOR INFORMATION ONLY

CONFIDENTIAL

This is LAC 1098. This is LAC 289.

Subject: Indigenous coal production. Reference CAL 1243 and GAY 275.

1. Your para 1a. Factors restricting Sardinian production have been:

a. Lack of labor. Primary cause of falling production. Additional 2000 miners needed to acquire total 70000 tons monthly, but recent recruiting campaign had poor results. AC are examining further measures including possible recruitment within Italian Army; but latest reports indicate only 500 extra men expected from this and present conditions of work will not attract labor from mainland.

b. Strikes. 10 day strike in January dropped production to 33400 tons. Grievances remedied. Last strike started 3 March on political grounds, ended 7 March but political tension still exists. Miners now reported to be adopting go-slow policy and April production estimated at only 30000 tons as against December 38000 and November 42000.

c. Lack of essential equipment. Sufficient supplies, however, now on hand or called forward to maintain production during first half 1945.

2. Under policy FAN 487 control of mines has been restored to Italians with AC advice and assistance. If Italians prove incapable of increasing output reimposition Allied control may be necessary.

CONFIDENTIAL

(MAJOR RIVER)

HEADQUARTERS

11 APR 1945

1502

CA 11/4

- 2 -

(PX 57744 cont'd)

CONFIDENTIAL

3. Your para 1b. Factors restricting consumption available output nil. ITALY including SICILY but less northern ITALY can absorb 70000 tons monthly.

4. Monthly reports not sent to WAR OFFICE hitherto. Future reports will show special factors restricting production and consumption and will go to WAR OFFICE LONDON and Q WAR DEPARTMENT. Paras 1, 2, 3 above cover January and February 1945.

5. Your para 2. Will obtain preparation by Italian Government of monthly reports on production and disposal Italian lignite. Production and disposal Greek lignite and Yugoslav coal are entirely a matter for Greek and Yugoslav Governments and this HQ has no means of direct control. Will arrange reports through UNMRA.

6. Progress Greek lignite production unsatisfactory owing to existing Greek economic conditions, particularly finance, wages and labor. Early arrival mining engineer mentioned in GAY 254 will assist.

7. No further development Yugoslav production and difficult ascertain present outputs, which are being distributed within vicinity mines.

8. Your para 3 noted. These reports will not, however, be ultimately embodied in overall coal reports proposed LAC airmgram 107. See footnotes to annexure A of latter.

FOR INFORMATION ONLY

HEADQUARTERS

11 APR 1945

DET

ACTION: Industry S/C
INFO: A/President
Chief Commissioner
Executive Commissioner
Deen Sec
Labour S/C
Finance S/C
File

1831

CONFIDENTIAL

785017

Ref: LSC/503.

31 March 1945.

MAR 31 1945

My Dear Mr. Prime Minister,

I refer to my letter LSC/503 of 14 March 1945 and to your reply No.239 of 22 March regarding the output of the Sardinian coal mines.

The day after I received your reply I had a most disturbing report on the labour situation at these mines from the Mining Division of my Industry Sub-Commission.

In this report, the Director of the Sub-Commission states that at BACU ABIS mine less than 200 pounds of coal per man are being produced per 8-hour shift, and that this mine is constantly the seat of troubles, strikes and work slow-downs, "scarcely a day passing without a strike in some section of the mine".

I must, my dear Mr. Prime Minister, draw your attention to paragraph 12 of the Aide Memoire handed to you on 24 February by Mr. Harold Macmillan, Acting President of the Allied Commission, which states:

"It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance."

A monthly output of 100,000 tons from Sardinian coal mines is an urgent military necessity, and I would ask Your Excellency to give further close attention to this problem, and, in particular, to provide additional manpower for the mines and to devise some means of improving the deplorable labour situation at the BACU ABIS mine.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi

The President of the Council of Ministers,
Italian Government,
Rome.

2 Copies to Econ Sec :
Brig. Gen. McKinley
Labour S/C - Mr. Braine.

Ref: 5010/241/10.

27 March 1945.

My dear Prime Minister,

I refer to my letter 130/503 of 14 March and to your reply No. 239 of 22 March regarding the output of the Sardinian coal mines.

The day after I received your reply I had a most disturbing report on the labour situation at these mines from the Mining Division of my Industry ^{Branch} ~~Sub Commission, (a copy of which I enclose)~~

As you will see from the first paragraph ~~of this report,~~ the Director
at BAEV ~~has:~~ ^{more than} 200 letters
of the Sub Commission states that, if the present labour situation continues,
it will be ~~produced per 8 hour shift~~ and that the same is ~~comparably~~
~~Sardinien used as a material contribution to the war effort by~~ ^{the} ~~British~~
~~the Sent of~~ ^{Probley Shrike and} ~~and~~ ^{mine} ~~down~~, ^{I think, a lot, please, Sir} ~~but~~
e Shrike in some ^{I must say for Mr.} Prime Minister, draw your attention to paragraph 12

" ~~It~~ It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance. "

A monthly output of 100,000 tons from Sardinian coal mines is an urgent military necessity, and I would ask Your Excellency to give further ^{to provide a definite answer to the King's and close} attention to this problem, and, in particular, to devising some means ^{of the present & the future} of improving the deplorable labour situation to which reference is made in the enclosed letter, ~~from the Ministry Sub-Commission.~~

1029

Yours very truly,

of 22 March regarding the output of the Sardinian coal mines.

The day after I received your reply I had a most disturbing report on the labour situation at these mines from the Mining Division of my Industry Sub Commission, (a copy of which I ~~enclose~~^{enclosed})

[illegible]

of the Aide Varsaire handed to you on 24 February by Mr. Harold Macmillan,

Acting President of the Allied Commission, which states:

" 14. It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance. "

A monthly output of 100,000 tons from Sardinian coal mines is an urgent military necessity, and I would ask Your Excellency to give further *close* ~~and~~ attention to this problem, and, in particular, to devising some means of improving the deplorable labour situation to which reference is made in the enclosed letter. *possible additional transport of the mines, and*
1829
~~Enclosed letter: Army Industry Sub-Commission.~~

Yours very truly,

MILVY W. STONE
Rear Admiral, USN
Chief Commissioner

His Excellency Ivanoe Bonomi,
the President of the Council of Ministers
Italian Government
ROME.

see p 142 to 145.
9 146 to 149

5010 Chief of Staff
137
HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION
MINING DIVISION

Tel: 559

BSK/co.

Ref: Mines-923.4

23 March 1945.

SUBJECT: Labor Relations Coal Mines Sardinia.

MAR 21 1945

TO : Labor Sub-Commission, HQ. A.C.

re 39000 tons per month as against 100,000 tons per month
1. Strikers and work slow-downs in the Sardinian coal mines have reduced production to less than 1,300 tons of coal per day. (At Bacu Abis mine men produced less than 200 pounds of coal per 8 hour shift.) If the present labor situation continues Sardinian coal as a material contribution to the war effort is through. Production is now less than it was over one year ago when the mines were first reactivated.

2. Information received by the Mining Division by telephone from Sardinia 22 March was the present work slow down started 15 March at Bacu Abis in protest to piece work. The strike was organized by Mistroni and is still continuing.

3. Within the other mines piece work was received with favor and no trouble was experienced. These mines are producing at close to normal rate. Bacu Abis is still striking and it is not known at this time when the strike will become general to all mines.

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- 2 -

X
4. Bacu Abis mine is constantly the seat of troubles, strikes, and work slow-ups, scarcely a day passes without a strike within some section or part of the mine. (As previously mentioned this trouble can be traced to Mistrone and one of the previous mine directors, Ing. Russo.)

W. S. VAUGHAN,
Director,
Industry Sub-Comm.

c/c - Coal Division, Ind. S/C	(1)
Economic Section	(1)
Chief Of Staff	(1) ✓
AFHQ, Coal Section	(1)
Float	(1)
Files, Mining Division	(1)

1827

5010 (16) E.C. (135)

Translation

The President of the Council of Ministers
239

Rome, 22 March 1945

MAR 24 1945

Dear Admiral,

(127)

in answer to your letter of the 14th,
I want to tell you that I contacted the Minister of In-
dustry, Commerce and Works, asking for the rythm of coal
production in the Sardinia mines to be accelerated to
cover the requirements of the Allied Army Force, in accord-
ance with your suggestions.

I remain,

Truly yours,

B. I. Bonomi

Admiral Ellery W. Stone
Allied Commission
Rome

c.c.

EC Dist - 24 MAR 45

ACTION: ELON SEC (2)

INFO: CHIEF COMAR

EX COM 1826

W. J.

5010

(134)

---COPY---

HEADQUARTERS
REGIONAL MINING DIVISION
ALLIED COMMISSION REGION VI
APO 397

Ref: 319.13212

19 March 1945.

SUBJECT: Report, weekly.

MAR 23 1945

TO : Regional Allied Commissioner, Sardinia Region.
Hq Alcom: Industry S/C, Mining Division, APO 394

1. Coal Mining

Production for the week ending 17 March totalled 8947 tons of washed coal.

On 15th March a white strike or slow-down was started at the Bacu Abis mine as a protest against piece work. Production dropped from an average of 528 tons to 439 on 15 March, 267 on 16 March and 160 on 17 March.

President Sanna has informed this Hq that if this white strike continue work at the Bacu Abis mine will no longer be practicable and that he intends to have about 1,000 miners from Bacu Abis moved to the south group of mines. In this way he hopes to maintain production and the men who are organizing the slow-down will be left at Bacu Abis for maintenance work. President Sanna feels that piece work is popular in the South Group and that by employing the Bacu Abis men on the second shift at Serbariu and other South Group mines production will increase sufficiently to make up for the closing down of Bacu Abis.

In view of labor troubles, the fact that there are only 24 working days in April and the complete absence of coal stocks it is estimated that coal available for export from Sardinia in April will be about 20,000 tons.

Mine timber stocks are sufficient for a maximum of one month after which production will be affected.

2. Metal Mining

Capt Dix from 40 Ord Paint Factory Naples visited

1825

785017

Regional Allied Commissioner, Sardinia Region.
Hq Alcom: Industry S/C, Mining Division, APO 394

1. Coal Mining

Production for the week ending 17 March totalled 8947 tons of washed coal.

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Mine timber stocks are sufficient for a maximum of one month after which production will be affected.

2. Metal Mining

Capt Dix from 40 Ord Paint Factory Naples visited this Hq on 17th March. He visited the mines producing paint pigments and arrangements have been made for the continuation of pigment production for a further nine months. Capt Dix is making arrangements for a British Corporal to be permanently stationed in Sardinia to look after shipments and to check the grinding and color of pigments produced.

For The Chief, Regional Mining Division

/s/ G. F. Hatch
G. F. HATCH, Major
Regional Mining Div.

COPY

ES/1.20

MAR 21 1945

Minutes of meeting held at AC -HQ 1430 hours 14 March 1945, to discuss the importation, allocation and distribution of solid fuels in Italy.

Present: Brigadier General T. H. Ramsey, Chief QM AFHQ
Mr. A. G. Antolini, Acting Vice President, Economic Section
Brigadier General E. B. McKinley, Deputy Vice President, Ec. Sec.
Colonel P. R. Evans, QM (Coal Section) AFHQ
Mr. Braine, Director Labour Sub-Commission
Mr. W. S. Vaughan, Director Industry Sub-Commission
Lt. Col. C. E. Oxley, Coal Division Industry Sub-Commission
Capt. D. S. Kingery, Mining Division Industry Sub-Commission
Capt. C. W. Atkins, S.O. Economic Section
Lt. Page, QM AFHQ

Brigadier General T. H. Ramsey presided

The chairman explained that the meeting had been called to discuss a draft revised of AFHQ Administrative Memorandum No. 40 dated 3 June 1943 which had already been provisionally agreed within AFHQ and subject to the views of AC was intended to be submitted to the C.A.O. for final approval. The approximate effect of the Memorandum was to transfer the handling of all coal and lignite, except that required for military purpose as first priority, to AC. AFHQ would continue to procure and import all coal from outside the theatre and would approve, subject to availability, shipping allocation, and port capacity, the requirements of AC of imported coal.

AFHQ were prepared, in order to enable AC the better to fulfill these functions, to attach the necessary personnel to AC.

The memorandum as drawn was agreed subject to the alterations embodied in attached third draft.

Mr. Antolini referred to a report from the Labour Sub-Commission on a conference, with H.E. Minister Gronchi, Minister of Industry, Commerce & Labour held on 12 March 1945, regarding the production of coal and labour situation in the Sardinian Coal Mines. Mr. Antolini said he thought it improbable that labour could be found on the mainland to go the Sardinia and referred to the probable release of 500 Sardinian Miners now prisoners of war. The chairman was asked if he would endeavour to expedite their release. The need of shoes and clothing for the miners was mentioned. The employment of German P.O.'s was thought to be impracticable.

The Chairman raised the question of the policy of supply of coal to the Gas Works. General McKinley referred to figures and plan from Public Works Sub-Commission. It was decided to refer this matter back to Public Works & Utilities for more details of the policy on the domestic ration of gas and gas for industrial use.

The withdrawal of AC personnel from the South of Italy was raised by the Chairman who said it was essential that proper figure of

Mr. W. S. Vaughan, Director Industry Sub-Commission
 Lt. Col. C. W. Oxley, Coal Division Industry Sub-Commission
 Capt. D. S. Kingery, Mining Division Industry Sub-Commission
 Capt. G. W. Atkins, S.O. Economic Section
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DISTRIBUTION:

AFHQ, C-3	3	Estab. Sec	1
AFHQ, QM, CoalSec	3	Ex. Comm.	1 ✓
AC Ec. Sec.	3	LABOR S/C	3
" Finance S/C	2		
" Transp. S/S	3		
" Ind. S/S	3		

see action list 80
 C. W. ATKINS, Capt. P.A.
 S.O. III, (C.A.),
 Economic Section

Attachment: Third Draft

1024

see M133

RESTRICTED

THIRD DRAFT

1. COAL IMPORTATION AND ALLOCATIONS

Administrative Memorandum No. 40 dated 3 June 1943, revised to 25 November 1943; Administrative Memorandum No. 16 dated 1 April 1944; and Administrative Memorandum No. 34 dated 22 August 1944, each of this Headquarters are rescinded and the following substituted therefor.

2. The following instructions outline the major duties and division of responsibilities in connection with the importation, production, allocation, distribution and the fiscal accounting for all coal and lignite, whether imported from outside the theater, or produced within this theater, except that required by the several maritime agencies, (viz: the Royal Navy, United States Navy, Greek Navy, French Navy, Italian Navy, Ministry of War Transport, War Shipping Administration, and French, Italian, Yugoslav and Greek merchant shipping) which is procured by these agencies, and is excluded from the scope of these instructions.

3. NORTH AFRICA, INCLUDING CORSICA

All matters pertaining to the requirements, requisitioning, importation, allocation, distribution, fiscal accounting and the maintenance of records pertaining to coal for North Africa and Corsica were transferred as of 1 November 1944 to MAJEM (now the American and British Economic Missions) and this headquarters relieved of further military responsibility as of that date.

4. ITALY, SICILY & SARDINIA

a) Military

The Quartermaster (Coal Section) is charged with the following responsibilities.

(1) Requirements

The determination of all military coal and lignite requirements, and final approval of all civilian requirements of imported coal considered in the latter case on the grounds of availability of coal, port capacity and shipping allocations for the purpose.

(2) Requisitions

(a) The requisitioning of all coal imported from outside the theater.

(b) The requisitioning of all Sardinian coal and locally produced coal and lignite for military requirements from the AC/Italian Government. Military requirements will have priority over all civilian requirements, except that equal priority will be given to civilian and military hospitals and bakeries.

(3) Importations

Arrangement for the importation and distribution

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(3) Importations

The arrangement for the importation and distribution of all coal imported from outside the theater.

(4) Allocations

The allocating of all coal imported from outside the theater.

b) Allied Commission

The AC/Italian Government is charged with the following responsibilities as from 1 April 1945.

(1) Requirements

The survey and determination of all civilian requirements of Sardinian coal and locally produced coal and/or lignite and the survey of all civilian requirements of imported coal subject to -

-2-

4a (a) the priority of military requirements as defined in para (2) (b) in so far as Sardinian Coal and/or locally produced coal or lignite are concerned and

(b) final approval by the CM (Coal Section) as set out in para 4a (1) in so far as imported coal is concerned.

(2) Requisitions

The requisitioning on the CM (Coal Section) of coal imported from outside the theater for civilian requirements.

(3) Allocations

(a) The suballocation for civilian purposes of all coal procured under para 4b (2) preceding.

(b) The allocation of all Sardinian and locally produced coal and/or lignite after satisfying the military requirements as in para 4a (2) (b) above.

(4) Importation

(a) The arrangements for importation and distribution of Sardinian coal and for the distribution of all locally produced coal and/or lignite.

(b) Authority will be given by this Headquarters from time to time for the assumption by AC of any or all of the following functions insofar as they apply to coal in such ports or territories as may be notified:

- (I) Discharge ex ships.
- (II) Handling operations in the port.
- (III) Transport by rail or otherwise insofar as such transport is not assured by the military authorities.
- (IV) Distribution.
- (V) Keeping such records or receipts and issues of coal and lignite and the maintenance of such accounting procedures as are necessary.
- (VI) Furnishing such reports and information on the above matters as may be required by this Headquarters from time to time.

(5) Production

The development of the production of coal and lignite within the theater to the extent of approved programs, including:

(a) Surveying the productive capacity of all mines and workings of coal and lignite, initiating all requests for machinery, supplies and equipment which may be required in the production or in aiding or improving the production.

(b) Procuring of all labour necessary for operation

the mines.

(6) Finance, Sales Prices and Records

1823

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(VI) Furnishing such reports and information on the above matters as may be required by this headquarters from time to time.

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(a) Surveying the productive capacity of all mines and workings of coal and lignite, initiating all requests for machinery, supplies and equipment which may be required in the production or in aiding or increasing the production.

(b) Procuring of all labour necessary for operation of the mines.

(6) Finance, Sales Prices and Records

(a) Making all necessary financial arrangements and charges in connection with the production, transport and disposal of all coal and lignite produced in or imported into Italy and its islands.

(b) Determining and fixing sales prices, and the execution of fiscal matters pertaining thereto (including conditions of sale), collections and maintenance of all pertinent records connected therewith.

(c) Keeping records of stocks, receipts and issues of imported coal allocated to AC by this Headquarters.

(d) Furnishing such reports and information as may be required by this headquarters from time to time.

5. GREECE

a) The Quartermaster (Coal Section) is charged with the following responsibilities:

(1) Requirements

The determination of all military and civil requirements of imported coal and of military requirements of locally produced lignite.

(2) Requisitions

(I) The requisitioning of all coal imported from outside the theater.

(II) The procurement through HQ LF & ML Greece of all military requirements of locally produced lignite.

(3) Importations

The arrangements for the importation of all coal for military and civilian purposes.

b) HQ LF & ML Greece is charged with the following responsibilities:

(1) Requirements

The survey of all imported coal required for military and civilian purposes and of military requirements of locally produced lignite for submission to Quartermaster (Coal Section) for determination.

(2) Allocations

The allocation to all consumers both military and civilian of all coal in accordance with the requirements determined as in 5 a (1) above and of locally produced lignite.

(3) Distribution

Issue of necessary instructions for the discharge of all colliers and for transport by rail or otherwise to consumers.

(4) Records

The maintenance of such records and the submission of such reports as may be necessary and as may be from time to time required by Quartermaster (Coal Section).

(5) Finance and Sales Prices

(a) Making all necessary financial arrangements and charges in connection with the production, transport and disposal of coal and lignite produced in or imported into Greece.

(b) Determining and fixing sales prices (including executing fiscal matters pertaining to sales and

(I) The requisitioning of all coal imported from outside the theater.

(II) The procurement through HQ LP & ML Greece of all military requirements of locally produced lignite.

(3) Importations

The arrangements for the importation of all coal for military and civilian purposes.

b) HQ LP & ML Greece is charged with the following responsibilities:

(1) Requirements

The survey of all imported coal required for military and civilian purposes and of military requirements of locally produced lignite for submission to Quartermaster (Coal Section) for determination.

(2) Allocations

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(4) Records

The maintenance of such records and the submission of such reports as may be necessary and as may be from time to time required by Quartermaster (Coal Section).

(5) Finance and Sales Prices

(a) Making all necessary financial arrangements and charges in connection with the production, transport and disposal of coal and lignite produced in or imported into Greece.

(b) Determining and fixing sales prices (including conditions of sale), executing fiscal matters pertaining to sales and collections and maintaining all pertinent records connected therewith.

(c) At such times as the responsibility of HQ LP & ML Greece for civil relief and rehabilitation in Greece ceases, the necessary further instructions will be issued.

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HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION
MINING DIVISION

Tel: 559

VDB/cc.

Ref: Mines-319.62

14 March 1945.

SUBJECT: Report Weekly - Regional Mining Division,
SARDINIA Region.

MAR 17 1945

TO : AFHQ, QM, Coal Section, Col. EVANS.
AFHQ, Coal Section, Unit 'R', Col. WALKER.
Executive Commissioner's Office, HQ. A.C.
Economic Section, HQ. A.C.
Labor Sub-Commission, HQ. A.C.

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The attached report submitted by Regional
Mining Division, Sardinia Region, dated 7 March 1945,
Ref: 319.13212, is forwarded for your information.--

For The Chief Commissioner:

W. S. VAUGHAN,
Director,
Industry Sub-Comm.

Incl (1) as above.

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HEADQUARTERS
REGIONAL MINING DIVISION
ALLIED COMMISSION REGION VI
APO 397

Ref: 319.13212

7 March 1945.

SUBJECT: Report, Weekly.

TO : Regional Allied Commissioner, Sardinia Region
Hq Alcom, Industry S/C, Mining Divis. APO 394

1. Coal Mining

Production for the week ending 3rd March totalled 8510 tons of washed coal.

On the 2nd March a strike started at the Monteponi metal mines which spread to Bacu Abis on 3rd March and later to all the coal mines.

The strike was in protest of the arrest of four men by the Iglesias police for assault and battery. These men are alleged to have beaten up individuals whom they considered responsible for the placing of two bombs in Iglesias on the door steps of avvocato Corsi and Sindaco Melloni of Iglesias. The bomb incident took place on 1st March and there were no casualties.

At the time of writing practically all men have returned to work in the coal mines but some Monteponi men have not yet returned.

2. Metal Mining.

The following paint pigments are awaiting shipment at Cagliari for 40 Ord Paint Factory (DADOS) Italy, totalling 250 tons.

	30 tons(m)	Yellow Ocher	84.0 tons(m)
Barite			
Zinc White CP	62	Red Ocher	34.0
Zinc White T	20	Red Lead	21
Zinc White E	14		

A shipment of coke for Monteponi has been received

TO : Regional Allied Commissioner, Sardinia Region
Hq Alcom, Industry S/C, Mining Divis. APO 394

1. Coal Mining

Production for the week ending 3rd March totalled 3510 tons of washed coal.

On the 2nd March a strike started at the Monteponi metal mines which spread to Bacu Abis on 3rd March and later to all the coal mines.

The strike was in protest of the arrest of four men by the Iglesias police for assault and battery. These men are alleged to have beaten up individuals whom they considered responsible for the placing of two bombs in Iglesias on the door steps of avvocato Corsi and Sindaco Melloni of Iglesias. The bomb incident took place on 1st March and there were no casualties.

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Barite	30 tons(m)	Yellow Ocher	84.0 tons(m)
Zinc White CP 62	"	Red Ocher	34.0 "
Zinc White T 20	"	Red Lead	6.0 "
Zinc White E 14	"		

A shipment of coke for Monteponi has been received but is not yet unloaded and weighed.

For The Chief, Regional Mining Division

G. F. HATCH, Major
Regional Min Div.

C o p y

5070
Tel: 451

REF : L80/503

14 March, 1945.

MAR 14 1945

My dear Mr. Prime Minister:

I have the honour to bring to Your Excellency's notice the importance, for Allied Military purposes of increasing the output of coal from Sardinian mines to a monthly amount of 100,000 tons, and to invite Your Excellency to take the necessary steps to ensure that an output not lower than the stated amount is regularly maintained. Your Excellency will appreciate that if it becomes apparent that the action of the Italian Government is not likely to prove successful, it will be necessary to consider whether special steps should be taken in this connection by the Allied authorities.

It appears to be immediately necessary to increase, by at least 2,000 men, the number of workers engaged in the coal industry in Sardinia. Various methods might be adopted to provide the necessary additional manpower, and it is understood that living accommodation is available for men who might be added to the industry.

Output has also been affected by industrial unrest among the workers; and any action which might be taken to mitigate unrest and to examine underlying causes should serve to reduce this contributory reason for diminished output.

I bring these suggestions to Your Excellency's notice and must advise you that under present policy the mining representatives who will be maintained by Allied Commission in Sardinia will operate only in an advisory and consultative capacity rather than in a managerial or operational capacity.

It would, therefore, seem to be expedient that Your Excellency should entrust to the Minister of Industry, Commerce and Labour, or to such Minister as you may see fit to designate, the immediate responsibility for an adequate increase in the output of coal from Sardinia. The Industry Sub-Commission and the Labour Sub-Commission of this Allied Commission will be pleased to co-operate with the responsible Minister and to learn, from time to time, the success that may attend the Italian Government's efforts to this end.

Yours very truly,

15/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome.

See *File* *bonomi* (135)

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File

Extract of Minutes of Executive Commissioner's Meeting held on 18 March 1945.

SARDINIA Coal Mines

Soon Sec were having a meeting tomorrow to discuss the labour situation at the mines. Land Forces S/C stated that indefinite leave was being granted to coal miners. IPW S/C had asked some time ago for 500 ex-coal miner POWs to be repatriated to SARDINIA.

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HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION
MINING DIVISION

Ref: 559

AFR/cc.

Ref: Mines-926.12

26 February 1945.

SUBJECT: Sulphur Production in Sicily.

TO : Economic Section, HQ. A.C.

MAR 4 - 1945

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1. A copy of a report, dated 20 February, from the Regional Mining Division, Sicily Region, is attached.

2. It will be noticed that the production rose by November 1944 to 6,508 tons which was well over two thousand tons more than had been estimated. The Sicilian sulphur industry seemed to be getting on its feet.

3. In November 1944 a bonus for "high cost of living" was awarded and made retroactive to August. This award has influenced not only the direct labour cost but also indirect labour costs and statutory contributions.

4. Adjustments have not yet been made to the price with the result that the operators are producing at a heavy loss.

5. It is suggested that the Interministerial Price Committee be asked to expedite their recommendations for a new and equitable price.

Incl - as per para. 1
c/c - Chief of Staff (1)
Float (1)
Files (1)

W. S. VAUGHAN,
Director,
Industry Sub-Comm.

see M26

COPY (124)

ALLIED COMMISSION
SICILIA REGION HEADQUARTERS
APO 394

File: MD/S-1

21 February 1945.

SUBJECT: Revision of Sulphur Production Estimate.

TO : HQ. ALCOM
Attn. Mining Division.

(121?)

1. Reference is made to our report of even date, "Sulphur Mining in Sicily, Report on Period Sept. 1943 - February 1945", especially sections I-3: I-5, I-8 and II-2.

2. As it is evident that the previous production forecasts will not be met we suggest that estimates for this semestre be revised as follows:

February	3,000 tons
March	3,000 "
April	3,000 "
May	4,000 "
June	4,000 "

3. All agencies concerned should be notified, especially the Sulphur Allotments Controller and Economic Section.

For The Regional Commissioner:

J. S. POLLARD,
Lt. USNR
Chief Mining Division
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ALLIED COMMISSION
SICILIA REGION HEADQUARTERS
APO 394

File: MD/S-1

20 February 1945.

SUBJECT: Sulphur Mining in Sicily.
Report on Period Sept. 1943 - February 1945.

TO : Hq Alcom,
Attn. Mining Division, Industry S/C.

1. This report is divided into two main sections and a number of subsections as follows:

Section I - Factual Report

1. Physical Condition of Mines
2. Electric Power
3. Supplies and Materials
4. Labor
5. Financial Matters
6. Transportation
7. Organization of the Industry
8. Production

Section II - Discussion

1. Economic Interrelationship of Items Section I
2. Immediate Outlook for the Industry
3. Long Range Outlook.

2. No specific references to sources are made herein as this is not presented as a case for or against any person or policy, but merely as a summary of events and

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opinions. It is believed substantiation of all statements made in Section 1 may be found in the files of Sicily Region Mining Division (eventually in the archives) or in the files of Mining Division of Industry Sub-Commission, Alcom Headquarters.

Section I - Factual Report

Subsection I-1

Physical Condition of Mines.

After occupation of the Sicilian sulphur mining belt in August 1943 it was found that all mines in the Island had ceased operation. This was principally due to lack of electric power (See Subsection I-2 below) but also partly due to the general confusion of civil affairs. No cases of enemy destruction of mining equipment were discovered, altho some quantities of stored sulphur had been burned, a cableway for transportation of sulphur from the Imera mines had been badly damaged by shell fire and most of the motor vehicles of the mines had been requisitioned or stripped by the enemy or our own fighting units.

In the succeeding five months, however (to about the middle of December 1943) the continued lack of electric power caused the gradual flooding of a large number of mines. Two large mines (Grottacalda and Florestella in Enna Province) and a number of small ones were completely flooded and nearly all mines were damaged to some extent.

Beginning early in 1944, efforts have been made to repair the damage and get the flooded mines back into production. It is believed that with the exception of Grottacalda no mine of any importance will be permanently lost, altho several will not be cleared of water and debris for some months yet.

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Electric Power;

Destruction of hilines, damage to central power stations and lack of water in reservoirs feeding the hydro plants made electricity a very critical item in Sicily in the period immediately after the occupation. Hence sulphur mines along with all other non essential users were denied power during this period.

By means of a special program of electrification, most Sicilian sulphur mines had been converted to electric power in the 1930s. Six such converted mines had electric plants of their own, suitable in normal times for producing their full load, altho they were used only for stand-by; two others had small standby plants for emergency pumping:

<u>Mines.</u>	<u>Type Plant</u>	<u>Capacity</u>
Grottacalda	Diesel	Full load
Florestella	Producer gas	"
Giumentaro	"	"
Inera	Diesel	"
Cozzo Disi	"	"
Colle Croce Group	"	" (?)
Trabonella	"	Pumping standby
Montagna Aragona	Producer gas	"

Of these 8 mines the 3 producer gas plants and the Trabonella Diesel plant were shut down for lack of fuel and the 4 large Diesel plants were required to feed power back in to the hilines for essential civilian use. Hence their position was no better than that of the mines without plants.

A few other mines, notably Zimbalio, Gibellini and Ciavolotta Baucina were still operated by steam plants. However, no coal was available so that such mines fared worse than the electrified units.

When the effect of the winter rains began to be felt at the hydro plants and some repairs were completed at the steam central stations about December 1943 the electric power situation at the mines began to improve. While the

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mines are even yet not getting entirely satisfactory service, the improvement has continued. With the exception of a few mines on overloaded circuits on the East side of the Island the service received is now approaching normal.

I - 3

Supplies and Materials.

With the gradual elimination of electric power deficiencies, the need for supplies became the most pressing problem. Request was made to Civilian Supplies Division of Angot as early as 23 September 1943 for the most essential items, but it was thought by the Supply Officers that Italian stocks might be made available and no requisition was placed. The first requisition for supplies for Sicilian sulphur mining was finally forwarded to AFHQ in January 1944 and the first supplies arrived in October 1944. Until 1 February 1945 the only supplies received from outside sources were a limited quantity of carbide and an ample, tho tardy, shipment of explosives.

A tremendous amount of effort resulted in the acquisition of meagre quantities of materials from sources in the Island. American and British units donated small quantities of explosives. A small deposit of carbide was located and purchased from a civilian in Messina in the spring of 1944, but the British Navy unit there was running low and most of it was diverted to that unit.

Arrangements were made to cut and ship timber from a state owned forest in Messina, but movement was blocked by the Prefect of Messina and by the time this was cleared up the trucks that were to transport them had been diverted to private hauling by the Corpo Reale official to whom they has been entrusted. The Italian Army with large amounts of explosives on hand placed innumerable obstacles in the way of our using them so that while many tons sat out in the weather and were ruined, we were only able to actually obtain some 13,000 Kg. of partly usable "balestite".

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Arrangements were made to bring to Sicily in October 1944 a cargo of abandoned explosives on the Island of Pantelleria, but the ship sent after them disappeared and so far as is known is to this day unheard from. Numerous other incidents may be cited.

At the present moment there are on hand explosives for most of this year. Timbers are arriving and the schedule calls for sufficient additional shipments to carry the program along. A small amount of steel and several cars of pipe are on the way from the Continent. Other than these, the industry is without operating supplies. Carbide is exhausted, deliveries on requisitions being some 8 months behind schedule. Many other items on requisitions are now becoming essential to further operation, particularly wire rope, steel for repairs to equipment, and materials for electric motor repairs.

Arrangements have been completed for Ente Zolfi Siciliani (See item I-7 below) to purchase and distribute materials shipped in for sulphur mining, under the control of the Corpo Reale delle Miniere. The Bank of Sicily is providing the necessary financing and the Consorzio per i Magazzini Generali della Sicilia is receiving, warehousing and shipping.

I - 4

Labor.

Average pay of workers at the time of the occupation, including all allowances and bonuses seems to have been about 35 lire per day. Under the so-called "blanket" increase allowed late in 1943 on the basis of November 1942 wages, this average was probably increased to about 55 lire. Under an agreement negotiated by the Italian Labor Office between workers and producers and approved by A.C. the average was raised to around 100 lire as of 1 July 1944. In Nov. 1944 producers were advised that the carovita increase, amounting to about 30 lire per day average, above the scale for 1 July 1944 applied to their workers, retroactive to

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15 August 1944. Hence the present average wage for sulphur workers is somewhere about 130 lire per day.

The main labor problems that have occurred in the sulphur picture to date have been:

- a. Low wages in the early period when relief and agricultural work were more attractive than mining at low pay.
- b. Low rations for workers - this has been partly answered to the heavy workers ration.
- c. Severe lack of shoes and clothing which keeps workers away from the job, especially in winter weather.
- d. Growing belligerency among workers who are beginning to feel their strength but do not yet know to handle it.

While there is continual labor unrest, particularly in the Southern section of the sulphur belt it is that to be merely another evidence of the general unrest in the Island. It is believed future labor relations in sulphur mining depend more on general economic and political conditions than on sulphur mining affairs.

I - 5

Financial Matters.

Due to various deficiencies, especially electric power, transportation and supplies, production of sulphur in Sicily declined from 195,000 in 1940-41 to 148,000 in 1941-42 and 94,000 in 1942-43 (fiscal years ending 1 Aug). The financial condition of the majority producers was therefore not too good at the time of the Allied occupation. The ensuing months of costly maintenance plus the cost of dewatering and repairing mines has used up the reserves of most producers. AMG made advances to three mines in Caltanissetta province, thru the Prefect, to tide

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them over the emergency period in the fall of 1943. Other moves have been initiated thru Italian channels to try to get some financial help from the Italian Government but so far with no results.

Our view point has been that, since we have set up a policy of maximum production, we must insure the best efforts of the producers by offering them an incentive. Our recommendations along this line have, however, uniformly met with disapproval or nullifying delays by higher authority as will be noted from the following tabulation of price fluctuations.

<u>Date</u>		<u>Equiv. Value of Warehouse certificate.</u>
Spring 43	Price guaranteed by Italian Govt	900 lire
May (?) 43	Price guarantee approved but not yet published by Ital. Govt.	1,500
2 Sept. 43	2200 lire at shipside recommended by Mining Division Amgot	1,800
Sept. 1943	1700 lire approved by AMG	1,300
1 Dec. 43	2000 lire approved by AMG	1,600
10 Dec. 43	2200 lire approved by AMG	1,800
29 Dec. 43	500 lire new sulphur production rehabilitation allowance (bonus) recommended by Sicily region AMG, principally because of blanket wage increase	2,300
25 Mar 44	2700 lire price authorized by R.C. under Alcom HQ approval	2,300
26 June 44	4500 lire recommended by Chief Mining Division Alcom HQ & approved by Price Committee subject to review in two to three months, not authorized however (new wage agreement 1 July)	4,000

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15 Aug 44	4500 price authorized by Alcom HQ effective 1 Aug 1944, based on wage scale as of 1 July 1944	4,000
8 Nov. 44	New price in proportion to increase in production cost due to carovita recommended by Mining Divis., Sicilia	
To Date	No action on last item above.	

With regard to the price question it is pointed out that whereas the price of crude sulphur in Sicily has been extensively discussed and officially controlled, little if any control has been exercised on the prices of processed sulphur or of crude sulphur produced on the continent. Consequently while the small producers of Southern Italy are producing to their maximum and selling much of their product at fantastic prices, Sicilian producers with an immensely greater potential are being constantly discouraged by upward revision of their cost items (such as labor, transportation, electric power) without contemporaneous price increase.

It is of course evident that the present price of Sicilian sulphur is unreasonably high for normal times. Unfortunately these are not normal times.

I - 6

Transportation.

The problem of transportation is the same for the sulphur industry as for all other producing industries located away from railways, i.e. the lack of trucks, tires, batteries and repair parts make the producers largely dependent on high cost hired trucks - when they can be obtained. Every effort has been made to get cableways and small gauge mine railways back into operation, and the use of mule carts has been encouraged. However road transportation is still a major problem and is gradually getting worse instead of better.

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Rail transportation has been poor at times. The chief difficulty has been that an insufficient number of cars have been used for sulphur hauling regularly. Consequently the sulphur has accumulated at the mines rather than at the ports and when a large shipment is to be made, special allotments of rail cars must be made for rush handling.

I - 7

Organization of the Industry.

There are now a somewhat complex group of agencies working in the Sicilian sulphur industry as follows:

a. Ente Zolfi Siciliani as parastatal agency, which replaced the old Ente Zolfi Italiani as regards Sicily. EZS is by law the sole authorized vendor of crude sulphur produced in the Island. It has also during this present emergency assumed the distribution of materials to the producers.

b. Consorzio per i Magazzini Generali della Sicilia which operates the sulphur magazines or warehouses at the ports under contract with EZS. This CMGS receives, stores, insures, and grades the sulphur and issue for it a negotiable warehouse receipt. It also transports the sulphur to shipside for export loading.

c. Mineral Credit Section of the Bank of Sicily, which finances the producers and the EZS by loans and by discounting the warehouse receipts.

d. The Sicily office of the Corpo Reale delle Miniere which is intended to look after the safety of the mines, compile statistical data, etc. but which has a strong inclination to get into more profitable lines of endeavour.

e. The Associazione Esportanti Miniere Zolfi della Sicilia, producers association designed to represent the views of the industrialists in their dealings with the Government, EZS and other.

At the moment these various agencies are working well together albeit with the customary amount of wrangling and villifying.

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I - 8

Production.

Reported production to date since our occupation of Sicily has been:

July - Dec. 1943	None
December 1943	300 tons
January 1944	400
February	500
March	1,048
April	1,504
May	1,623
June	1,885
July	2,146
Total for 1943-44 fiscal year	9,442
August 1944	3,419
September	3,410
October	4,928
November	6,508
December	4,321
January 1945	3,540

It was anticipated that production would increase during this calendar year to reach approximately 10,000 tons per month. However this estimate must now be revised downward in the light of present difficulties (See II-2 below).

In normal times some 10,000 tons of sulphur per year is consumed in the Island for agricultural dusting. We have repeatedly suggested that an ample and timely allotment of sulphur be made for this purpose. By means of such an allotment, the sulphur grinding and distribution could have been controlled, the farmers could have purchased at

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a reasonable price, shipments to and from mills could have been made with minimum transportation and the black market in sulphur would have been killed. Actually no allotment was made in time to be effective either in 1943 or 1944 and the quantity even when made was insufficient. Consequently the black market in crude and ground sulphur has prospered greatly, much sulphur produced is unreported, the farmers are paying fantastic prices for dusting sulphur and transportation is being uneconomically used for the black market trade - and the 10,000 tons or so is getting into the hands of the same consumers as if it had been allotted for this purpose.

SECTION II - DISCUSSION

Subsection II - 1

Economic Interrelationship of Section I Items.

It would be misleading to point out one specific item and say "this is the cause of low sulphur production". If we say that, given electric power, many mines could have started production in the fall of 1943, we neglect the fact that most of them could have operated only a few days or weeks before exhausting their supplies. If we say that many mines could have commenced operations in Jan. 1944 had supplies been available we neglect the fact that at that time incentive to produce was lacking. At only one moment have a large number of factors been favorable for production e. g. in October-November 1944 when the 1 Aug price was in effect, the carovita had not been applied, electric power was generally available, and the essential carbide and explosives had begun to arrive. In this period the production nearly doubled. But the application of the carovita wage increase in November again removed the production incentive. This together with the lack of any timely allotment of sulphur to Sicilian agriculture discouraged production on the one hand and on the other, drove the crude that was produced in to the hands of black market grinders to supply Sicilian agriculture, so that reported production is continuously declining;-

II - 2

Immediate Outlook for the Industry.

Given delivery now of the supplies requisitioned for 1944 a price at which the producers can make a profit, and no further deterioration of conditions as regards transportation, electric power and labor, the Sicilian sulphur mines could, and in our opinion would, produce at a rate which would soon exceed 10,000 tons per month. A minimum production of 85,000 tons this calendar year would even yet be a probability.

From past experience, however we do not anticipate such a favorable combination of circumstances. Considering the downward curve of reported production for the past 3 months and the fact that the major causes of such decline will not in the course normal of events be removed soon, we must revise downward our previous estimates. Dependent on the solution of price, allotment and supply questions (assuming no worsening of transportation, electric supply and labor problems) we now estimate a maximum of 50,000 tons for this calendar year.

II - 3

Long Range Outlook.

The Sicilian sulphur industry has not been severely damaged physically by war events. It has always since 1905 however depended on international price stabilization plus government encouragement plus cheap labor for its existence. Of these three, certainly Italian government encouragement might be expected altho there has been some talk of expropriation.

While vast reserves of sulphur yet remain in the mountains of Sicily, the difficulty of producing it is gradually becoming greater as time goes on, because of the increasing depth of the mines.

When and if the normal economic laws commence to operate again the Sicilian producers will have to have some considerable assistance to compete again in a world market.

For The Regional Commissioner:

J. H. POLLARD
Lt. USNR
Chief, Mining Div.

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TO : HQ, AC, Industry SubCommission (Mining Division)
Copy to: Office Chief of Staff
" Economic Section, Ma, Ac.

FROM : HQ, AC/AMG Abruzzi-Marche Region (Economics & Supply).

REF : R5/518/63.

DATE : 19 February 1945.

SUBJECT : Sulphur Mines.

1. Ref your Mines - 926.3 of 15 February 45.

2. It is regretted that in transference to a Sit-rep signal the wording about the Cabernardi and Perticara mines should have become ambiguous. It is known of course that the mines are not producing: the information referred to the railing of sulphur from stocks at both mines that is now taking place.

3. As regards the Cabernardi mine, there has been some difficulty about supply of electricity owing to a technical matter of tensions. This is being worked out by Reg Engineer and CRE concerned with the mine authorities and you will be kept informed by Reg Engineer.

For the Regional Commissioner:



Shaw-Kennedy
D.V. SHAW-KENNEDY
Captain,
Regional Supply Officer

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

HC:mew

Ref: ES/15.12

17 Feb 45

FEB 19 1945

SUBJECT: Allocation of Coal

TO : Executive Commissioner

1. In the course of the Manpower Committee Meeting the other day, you asked me to submit a demi-official letter for your signature to the CAO, AFHQ, referring to the fact that we had not yet received a reply to our memo of 2 Dec 44 on the allocation of responsibilities between AC and AFHQ, with respect to coal.

2. A reply has now been received from AFHQ, and was the subject of a meeting held with Col. Butterworth while he was here, earlier this week. It is not at all satisfactory and Col. Butterworth has taken our comments back to AFHQ with him. He hopes to have Gen. Hamblen to call a meeting some time soon to thrash out with the Quartermaster a solution to this question.

3. In view of these developments, the letter you requested us to prepare does not for the moment appear to be necessary.

Harlan Cleveland
HARLAN CLEVELAND
Executive Director
Econ Sec

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HEADQUARTERS ALLIED COMBATS IN
APO 394
INDUSTRY SUB-COMMISSION
MINING DIVISION

Tel: 559

AFR/ind.

Ref: Mines-926.3

15 February 1945.

FEB 17 1945

SUBJECT : Sitreport - Sulphur Mines.

TO : Regional Commissioner, Marche-Abruzzi Region

1. Your situation Report for the month of January has been read with interest by Industry Sub-Commission.

2. A small error seems to have crept into the report in that you state that the sulphur mines of Perticara and Gaberardi are operating.

3. Neither mine is in a position to operate through lack of power. Perticara is not likely to receive power for a long time. Gaberardi is in an extremely dangerous state through lack of maintenance.

4. A copy of a report dated 29 Dec was sent to you with covering letter dated 3 January 1945. The situation at Gaberardi is unchanged. The conditions described in that report and in Mining Division letters 926.3 of 13 November and 926.34 of 17 January persist and the risk of conflagration increases every day.

For the Chief Commissioner

see 1202

W.S. VAUGHAN,
Director,
Industry Sub-Commission.

c/s:-

Office Chief of Staff
Economic Section
Files
Files, Mining Division

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