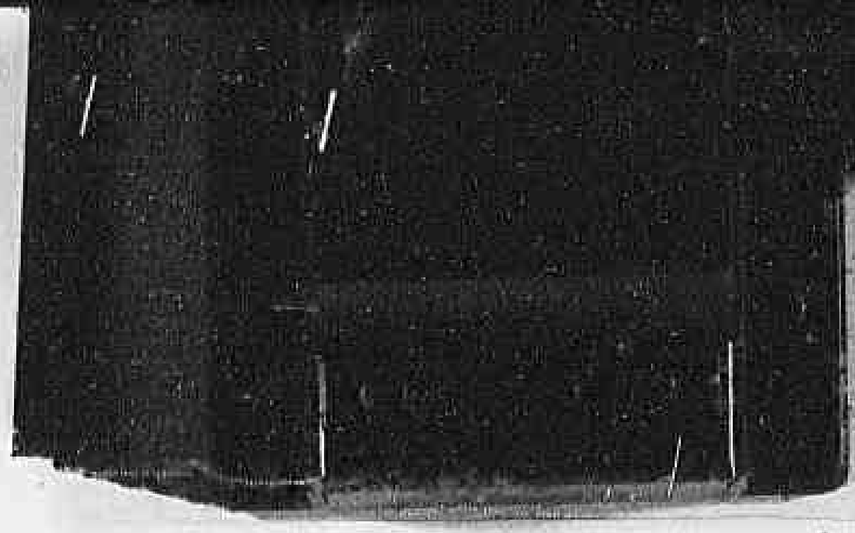
Declassified E.O. 12356 Section 3.3/NND No. 785017

ACC

10000/101/955
(VOL. III)



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

10000/104/955
(VOL. III)

COAL
NOV. 1945 - SEPT. 1946

CSO, H.J. 22/5

There is nothing to indicate that the C.C has seen the letter at 278. In any event, it is now too late.

W.J. 20/6.

CSO, H.J. 6/6

Letter at f. 283 with reference to allotment of Sardinian Coal may be of interest to the E.C.

W.J. 6/6.

289

CSO For comment

Please see folio 288 for info.

W.J.C 9/6

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

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C.S.O. Folio 259 for [illegible] 260

Jnl. 13. Staff 25/3/46

259. 261

A/VP Econ Sec.

P27. Any comment? DS/13

30. 262

Industries - Utilities S/C
(Fuel Dept) attn: Col Walker

1. Ref. Folio 259. Your comments are requested.

T.D. Mayor, Capt
Econ. Sect.

263
31

A/VP Econ. Sec. 4/3/46

This is the Plan for supply of Coal to British Forces and relieves AC of all responsibility in that connection. Major Jones of Coal Div. will act as GHQ Coal Rep until his release date about one month hence. This in addition to his other duties.

W. Walker Col
Asst C. of St. Sec.

264

TO: Executive Commissioner

1. Please note minute 263. I have no further comments.
2. Your m 29 refers. 261 Staff 6/3/46 Jnl. 613.

CHARLES W. WALTON
Colonel A.C.
Acting Vice President

279

C.S.O. for Comm.
Folio 279 for your attention.

W.O.J 11/5. Jnl. 13/5

[illegible] Utilities S/C
(Fuel Dept) attn: Col Walker

1. Ref. Folio 259. Your comments are requested.

T.D. Mayon, Capt
Econ. Sect.

263
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A/VP Econ. Sec. 4/3/46

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H.M. Walker Col
Dep & Ut. Dir.

264

TO: Executive Commissioner

1. Please note minute 263. I have no further comments.
2. Your m 29 refers.
261
5/3/46 Jnl. 613.

CWW
CHARLES W. WALTON
Colonel A.C.
Acting Vice President

TW 7/3

279

CSO. for Comm.
Folio 279 for your attention.

WSJ 11/5. Jnl. 13/5

V.P. Econ Sec. 280

I agree that refrencation of A.C. is not necessary or desirable.

M.S. 14/5.

281
noted CWW 16/5

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

Minute # 252

TO: Acting Vice President

Attached letter for signature of the Chief Commissioner is the result of coordination of views of Coal Division and Foreign Trade on this matter, and is submitted thru your office for signature of the CC.

Charles W Walton
CHARLES W. WALTON
Colonel, AC
Chief, Supply Group

25 February 1946

253.

TO: Chief Commissioner
(Through: Executive Commissioner)

Attached letter submitted for signature. (See m. 250).

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice-President
Economic Section

Acquired Lee 26 Feb. sent 26/2/46 M. 2612

26 Feb 46

465

2414

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

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

2473

for comm.

C.S.O. Reference Min 238. Col Walker was co-opted and his views on folio 286 are that we cannot object to the coal entering Italy but should on the price which is 4,000 lire/ton. The Italian govt has been informed.

Also please see f 237-246 for info.

H.S. 9/2. 8/21/46

250

V.P. Econ Sec.

I should like to hear your comments on f 236 & min 247. It seems to be a matter for the Italian Govt. If they can get coal from Arsa and AMG V.G. cannot can we interfere? I think not. If Ital. Govt are prepared to pay £4000 a ton for a small quantity of coal can we interfere. I am not so certain

DS/ 9/2

251

2473

Col. Walton

Could I please get views of Coal Boards and then discuss with me?

Harley Cleveland.

252.

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

204

C.S.O. Please see 203 & 202 for info. 19/11

207.

205 & 206 for info. 19/11.

208

Note. Ref 197 - talked from who will shiny coal

21/11

Also 28/11

209 for info - one of the gents who telephoned me on 20/11 & who announced for a scoop.

20/11.

213

C.S.O. Ref # 212. This is involved in a general issue concerning Italian participation in meetings of organizations of this nature. This is being checked and a complete report will be forthcoming.

Steps/some have taken to preclude Italians in these meetings see 230 24/1/46 SKH 10/1/46 SKH 21/2/45

222

C.S.O. Please see 221 Para 4 for info.

SKH 4/1/46

226

see C.S.O. Folio 226 & 227 of interest

2212

SKH 22/1/46

227

C.S.O. Folio 236 of interest.

SKH 4/2/46

238.

Maj H. Left Consulate answer to 236. H.L. 5/2

3016 EXEC Comm 268

GENERAL HEADQUARTERS CMF 3565/2/Q-1

ADMINISTRATIVE INSTRUCTION NO. 25. SEP 9 1946

SUPPLY OF COAL TO BRITISH FORCES IN ITALY INCLUDING VENEZIA GIULIA.

GENERAL.

1. It is now intended that the duties previously carried out by the GHQ Coal Representative at ROME will terminate as from the 1st October next; in future the responsibility for the supply of Coal to British Forces in ITALY, including VENEZIA GIULIA will be carried out by the DST at GHQ CMF directly.

Accordingly GHQ Adm Instr No.25 dated 29 June 46 will be cancelled and the following instruction substituted.

DEFINITION.

2. Coal where used in this instruction includes coal, coke, and any other solid fuel other than wood, whether imported or locally produced.

POLICY.

3. (a) The Coal Branch of the Sub Bureau of Industrial Rehabilitation, Bureau of Requirements and Distribution, UNRRA is responsible for the civil coal programme to ITALY excluding VENEZIA GIULIA wef March 1946.

(b) The civil coal programme for VENEZIA GIULIA remains an Allied Military commitment, for which G-5 is the responsible Staff Section.

(c) It is essential for economy in distribution that the civil and military coal programmes are closely co-ordinated in order that exchanges in different localities may be arranged. Railway requirements involve both civil and military coal. Military demands for indigenous and locally produced coal products have to be negotiated with the Italian Government. DST will be directly responsible for liaison with all agencies involved and for the co-ordination of British Military coal requirements.

2471

PROVISION AND DISTRIBUTION OF IMPORTS.

4. (a) CE GHQ CMF will submit bids for future requirements of military railway and engineer coal (in respect of GHQ Engineer Units only) to the DST GHQ CMF as under :-

(i) Requirements for the following month by the 12th of the current month.

(ii) Estimate of consumption for the sixth month following month in which bid is made.

L.C.M-269

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

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(ii) Estimate of consumption for the sixth month following month in which bid is made.

See 11289

/2.....

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

287

(b) CEs of Formations will submit bids similarly for engineer coal for engineer units not under command of GHQ.

(c) The DST will cable to War Office, LONDON, by the 15th of the month for the following month, a demand for all requirements for which DST is responsible, showing military railway requirements separately, and an estimate of monthly requirements up to the sixth month following month in which bid is made.

(d) The DST will co-ordinate with the appropriate shipping authorities and UNRRA, the allocation to ports of Military coal cargoes shipped in satisfaction of his demands. He will also issue instructions to the agency responsible for discharge as to the allocation to users of military cargoes of colliers.

PROVISION AND DISTRIBUTION OF LOCAL PRODUCTION.

5. (a) The bids submitted in accordance with para 4 (a) above will cover all solid fuel requirements other than wood, and will therefore include SARDINIAN coal, anthracite, lignite, gas or metallurgical coke and peat.

(b) The DST will place bids for all items of local production on the appropriate Ministry of the Italian Government, and will ensure that suitable steps are taken for military requirements to be given priority over civil requirements, excepting only civil hospitals and bakeries, which will have equal priority with military hospitals and bakeries.

ACCOUNTING.

6. DST will maintain, all records required of imports and disposal of coal on British Military account, including records of cargo exchanges and any issues made from military stocks for other than British military commitments.

STOCK REPORTS.

2470

7. DST will be supplied with reports of stocks in the hands of military users in accordance with present procedure.

MILITARY CONTRACTORS.

8. The terms of UNRRA charter make it impossible to supply military contractors from civil stocks. Such requirements will, therefore, be included in bids submitted in accordance with para 4 (a) above, and will also indicate the distribution required.

VENEZIA GIULIA.

9. British military requirements for the area under control

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

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9. British military requirements for the area under control

/3.....

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

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286

AMG XIII Corps will be submitted as a separate bid but will conform to the procedure laid down in para 4 (a) above.

COMMUNICATIONS.

10. In all matters relating to Coal, correspondence and enquiries should be addressed to:-

Postal	DST GHQ CMF
Cables	S & T CMF
Telephone	Freedom 217

W.D.A. CLARK, Lieut-Colonel,
for Brig i/c Adm.

5 Sep 46.

DISTRIBUTION.

The Under Secretary of State
The War Office (ST7)
Headquarters,
British Troops AUSTRIA (2)
Allied Commission (10)
XIII Corps (Rear) (2)
3 District (2)
Brig i/c Adm
G-4 MTO (3)
G-5 AFHQ (2)
Q(MOV) (3)
DD RSI (2)
CE (4)
DST (2)
ORD (3)
FA
DPIC
EFT
MWT
WSA
UNRRA ROME

2409

5016 + 2049 41

INCOMING MESSAGE

Headquarters Allied Commission

285

Originator's Reference: FX 67179 CIPHER
Date/Time of Origin: JUNE 041426B

Message Centre No: H/3629
Date Time Rec'd: JUNE 051400B
Precedence: ROUTINE

FROM: AFHQ SIGNED SACMED CITE FHQEG

TO : ACWAR WASHINGTON FOR CCS FOR CCAC

INFO: WARCOS LONDON FOR CIVIL AFFAIRS, AICOM ROME, COMGENNYPE

JUN 6 1946

SECRET.

COAL FOR VENEZIA GIULIA AND UDINE. THIS IS LAC 1379.

REFER C.I 1542 this is L.C 1379. PLEASE ADVISE ETA OF FIRST CARGO. IMMEDIATE SUPPLY OF COAL IS ESSENTIAL. NECESSARY FOR US TO BORROW FROM UNRRA ITALY AS STOCKS NOW PRACTICALLY EXHAUSTED. NO OTHER COAL AVAILABLE IN THE THEATRE.

RESULT OF YOUR REQUESTS ON USPET AND BRCH ARE AWAITED. WE CAN ARRANGE FOR AFHQ REPRESENTATIVE TO ATTEND DIRECT NEGOTIATIONS IF YOU AGREE BUT DOUBT IF SHIPMENT CAN BE ACCOMPLISHED IN TIME TO BE OF EARLY USE EVEN IF ALLOCATION APPROVED.

AC DIST

ACTION DIRECTION: ECON SECTION (12)
(CSO (6)
(SUPPLY OFNS-V.G/UDINE (6)

ADVANCE COPIES TO: COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 3
TN BR 2

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC ER EMB
CC US EMB
UNRRA (6)
ALLIED SUPPLY ACCOUNTING AGENCY
FILE
SKELETON

2468

CIPHER TELEGRAM
This message will not be distributed outside British or U.S. Government Departments or Headquarters or retransmitted even in Cipher without being paraphrased. (Messages marked O.T.P. need not be paraphrased).

SECRET

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

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FINANCE SC
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IND & UTIL SC 3
IN BR 2

INFO: CHIEF COMMISSIONER
EAAC COMMISSIONER 2
CC BR EMB
CC US EMB
UNRRA (6)
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SECRET

seen on file 4049/EC

1 PA 6/6

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

5016

283

U. N. R. R. A. - ITALIAN MISSION
BUREAU OF REQUIREMENTS AND DISTRIBUTION
SUB BUREAU OF INDUSTRIAL REHABILITATION

Tel : 425

Ref : Rehab/ C - 7.157

GP/cc

4th June 46

JUN 6 1946

Subject : Allotment of Sardinian Coal.

To : Ministry of Transport
Supply Department - Central Coal Office
Piazza Croce Rossa, Rome.

Info: Ministry of Industry & Commerce
Coal Office - Rome.

Co.Ge.Na. (Comitato Gestione Navi)
Via De' Cestari,3 Rome.

1. Reference your letter n. U.CC.2/23286 dated 25 May 1946.

2. On the basis of data available to this office, data which should correspond to yours, the position of the Sardinian Coal, with special regard to the supplies for North Italy, may be summarised as follows:

a) The total quantity allocated for the emergency period 20th March 30th June 1946 to continental Italy and Sicily is 209,451 tons.
b) The quantity allocated for this period to Northern Italy is 104,700 tons.
c) The quantity arrived up to May 31st at all ports against the above program is 147,000 tons equal to 70% of the total.
d) The quantity arrived up to May 31st at Genoa/Savona (Albisola excluded) for the North Italy regions against their program is 75.000 tons equal to 72% of the allocation.

3. Even without considering the fact that the North Italy Committee was authorised to distribute for consumption in this period also the quantity of Sardinian coal received over and above the normal March program from cargoes that had arrived from March 1st to March 20th 1946, it does not appear that the situation is more critical there than in other regions of Italy.

4. However, should your data be different from those mentioned above it would be appreciated if they are communicated immediately as the distribution of this coal must be followed with the utmost attention, especially in view of the present output of the Sardinian mines.

FOR THE CHIEF OF MISSION

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

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FOR THE CHIEF OF MISSION

B. LUZZATTO
Chief

Rehab (2)
R & D
Reader File

(CAPTAIN 7)

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

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

278

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION
5016 40

Ref: ES/15 12/0

10 May 1946

MAY 10 1946

SUBJECT: Special E.C.O. Meeting in Paris

TO : Chief Commissioner

277

1. Your attention is invited to the attached advance notice of a meeting of E.C.O. in Paris.

2. I suggest that direct participation by ALCOM in E.C.O. conferences has some disadvantages. Participation implies that ALCOM is actively engaged in the supply and distribution of coal for Italy. This is not quite correct, since our supply and distribution responsibilities are practically limited to VG/Udine. We do maintain a watching brief over the coal situation but are not able to operate executively in the field.

3. I therefore recommend that the invitation, when forthcoming, be declined.

Charles W Walton
CHARLES W. WALTON
Colonel, AC
Acting Vice President

Encl. (1)
Ltr. 4/5/46 from UNRRA re Special
ECO Meeting in Paris.

See Mem 279 - 280 - 281 - 282

2456

PA 24/5

(Cont de 5) 558

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

277

REHAL
-8 MAY 1946
C/7350

UNRRA ITALIAN MISSION
Bureau of R & D

BL:mr

Tel: 104

4 May 1946

Ref: RD/15.12/0

TO : Coal Division
Allied Commission
Att: Colonel Walker

SUBJECT : Special E.C.O. Meeting in Paris

1. We have been informed by Professor Gerbella, Director General of the Ministry of Industry and Commerce, that there will be a special E.C.O. meeting in Paris. It is scheduled for May 21, and will last three days, for the review of the coal requirements and availabilities of all European countries. Italy has been invited to send two representatives, one an expert on coal production and the other on coal distribution. The A.C. is also invited to send a representative, and so is UNRRA. While I expect that your office will get an official request to send a representative, I wanted you to get advance information about this request.

2. Please confirm your acceptance to the Ministry of Industry and Commerce, who asked me to transmit this information to you.

BRUNO LUZZATTO
Acting Deputy Chief of Mission

see 278

2405

5016 + 2029

276

INCOMING MESSAGE

Originator's Reference: C37024

MESSAGE CENTRE NO: H/1886

DATE/TIME OF ORIGIN: 10APR1358B

DATE TIME REC'D: 11APR1545

PRECEDENCE: ROUTINE

APR 11 1946

FROM: APHQ G-5. COAL REQUIREMENTS VENEZIA GIULIA AND UDINE

TO : AGWAR WASHINGTON INFO: WAROF LONDON COMGENNYPE AICOM ROME FOR COS FOR CCAC, INFO: FOR CIVIL AFFAIRS,

---

UNCLASSIFIED.

THIS IS LAC 1 3 7 IN, REFER LAC 1365 TO DATE, COAL REQUIREMENTS FOR VENEZIA GIULIA AND UDINE HAVE BEEN MET BY LOANS FROM THE ITALIAN MS PROGRAMME AND BRITISH MILITARY PROGRAMME.

2. THESE LOANS, NOW TOTALLING 85401 TONS, ARE MADE UP AS FOLLOWS: EX YB PROGRAMME, 62901 TONS, OF WHICH 21274 WAS PRIOR TO 31 DECEMBER 1945. EX BRITISH MILITARY PROGRAMME, 22500 TONS DURING FEBRUARY AND MARCH 1946.

3. THE LAST VESSEL TO BE RECEIVED UNDER THIS ARRANGEMENT DUE FOR DISCHARGE NOW. SINCE THE YB PROGRAMME IS FINISCED AND UNRRA ARE NOT AGREEABLE TO LOADING COAL ALSO SINCE BRITISH MILITARY COAL PROGRAMME WILL NOT IN FUTURE ALLOW ANY ADDITIONAL LOANS TO VENEZIA GIULIA/UDINE, IT IS URGENTLY REQUESTED THAT THIS HEADQUARTERS BE ADVISED WHETHER PROPOSALS SET OUT IN LAC 1365.

4. CAN NOW BE APPROVED.

4. FOR COMGENNYPE: IN THE MEANWHILE, IT IS REQUESTED THAT COAL REQUIREMENTS SET UP ON REQUISTION TOO/AA 22, REFERENCE MESSAGE SPAA/OS/6640 DATED 5 MARCH, BE ACCORDED HIGHEST POSSIBLE PRIORITY IN ORDER TO MAINTAIN A CONTINUOUS SUPPLY.

2404

AC DISTRIBUTION

ACTION DIRECTION: ECON SECTION 12 - CSO 6 - SUPPLY OPNS V.G./UDINE 6

ADVANCE COPIES TO: COMMERCE SC 2 - FINANCE SC - FOOD & AGR SC 2 - IND & UTIL SC 5 TN BR 2

INFO: CHIEF COMMISSIONER * EXEC COMMISSIONER 2 - CC BR EMB - CA US EMB - UNRRA 6 - ALLIED SUPPLY ACCOUNTING AGENCY - FILE

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

FROM G-5, COAL REQUIREMENTS VENEZIA GIULIA AND UDINE

TO : AGWAR WASHINGTON INFO: WAROF LONDON COMGENMYPE ALCOM ROME FOR COS FOR CCAC, INFO: FOR CIVIL AFFAIRS.

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4. CAN NOW BE APPROVED.

4. FOR COMGENMYPE: IN THE MEANWHILE, IT IS REQUESTED THAT COAL REQUIREMENTS SET UP ON REQUISTION TOO/AA 72, REFERENCE MESSAGE SPTAA/OS/6640 DATED 8 MARCH, BE ACCORDED HIGHEST POSSIBLE PRIORITY IN ORDER TO MAINTAIN A CONTINUOUS SUPPLY. 2464

AC DISTRIBUTION

ACTION DIRECTION: ECON SECTION 12 - (CSO 6 - SUPPLY OPNS V.G./UDINE 6

ADVANCE COPIES TO: COMMERCE SC 2 - FINANCE SC - FOOD & AGR SC 2 - IND & UTIL SC 5 TN BR 2

INFO: CHIEF COMMISSIONER 4 EXEC COMMISSIONER 2 - CC BR EMB - CA US EMB - UNRRA 6 - ALLIED SUPPLY ACCOUNTING AGENCY - FILE

HEADQUARTERS 10 APR 1946 G

seen on file 5016/EC 17 12/4

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

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

5016 + [illegible] 50

275

MAR

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

FROM : HQ ALCOM 18 MARCH 46

TO : (1) AGWAR FOR CCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SHAO SECRETARIAT (3) AFHQ FHGEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take an, action pending further details from this hq.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel, No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHE.)

DISTRIBUTION

ACTION DIRECTION – ECON SECTION 12
CSO 6
SUPPLY OPAS – V.C./UJINE 6

2463

ADVANCE COPIES TO – COMMERCE SC 2 * INFO – CHIEF COMMISSIONER
FINANCE SC EXEC COMMISSIONER 2 ✓
FOOD & AGRIC SC 2 CC BR EMB
IND & UTIL SC 2 CA US EMB
TN BR 2 UNRRA 6
FILE

FROM : HQ ALCOM 15 MARCH 46

TO : (1) AGWAR FOR CCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SLAC SECRETARIAT (3) AFHQ FHQEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take an, action pending further details from this HQ.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHE:)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./UDINE 6

2463

ADVANCE COPIES TO - .COMMERCE SC 2 * INFO - CHIEF COMMISSIONER
FINANCE SC EXEC COMMISSIONER 2 ✓
FOOD & AGRIC SC 2 CC BR EMB
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TN ER 2 UNRRA 6
FILE

21/3.
(NAJ H)

21/3

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

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

274

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

FROM : HQ ALCOM 18 MARCH 46

TO : (1) AGWAR FOR OCS FOR CCAC FOR CLAC
(2) WARCOF (LONDON) FOR SLAO SECRETARIAT (3) AFHQ FREEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take any action pending further details from this HQ.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHE)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./UDINE 6

ADVANCE COPIES TO - COMMERCE SC 2 - INFO - CHIEF COMMISSIONER 2
FINANCE SC EXEC COMMISSIONER 2
FOOD & AGRIC SC 2 CC BR EMB
IND & UTIL SC 2 CA US EMB
TN BR 2 UNRRA 6
FILE

2452

(1) ACWAR FOR CCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SLAO SECRETARIAT (3) AFHQ FHGEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take any action pending further details from this end.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHER)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./UBLE 6

ADVANCE COPIES TO - COMMERCE SC 2 INFO - CHIEF COMMISSIONER 2
FINANCE SC EXEC COMMISSIONER 2
FOOD & AGRIC SC 2 CC BR EMB
IND & UTIL SC 6 CA US EMB
TN BR 2 UNRRA 6
FILE

252

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

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

RG 331
ACC - Italy
Box 251
Folder 10000/109/955
2461
1 doc/1 page

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation 10000/109/955

Date 3/19/46

From AMG 13th C

To AFHQ G-5

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

☑ Security-Classified Information

☐ Otherwise Restricted Information

JCS
Authority

6/13/74
Date

GENERAL SERVICES ADMINISTRATION

GSA FORM 7117 (2-72)

WITHDRAWAL NOTICE

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

5016 (R)

272

HBW/jv

Ref: AC/CD/136.17/I.& U. 19. March 1946

Subject : Coal Supplies to Italy/Venezia Giulia.

To : G-5, A.F.H.Q.

1. It is desired to draw your attention to the very grave danger facing Italy owing to the probability of a coal strike in the U.S.A., during April. With the termination of certain miners wage agreements on March 31st, a strike is considered almost certain, duration of which is generally expected to be at least a month. Such a strike will result in a stoppage of coal shipments from U.S.A. for a period at least as long as the strike period.

2. The effect of this on the Italian economy will be serious, since practically the whole of the civilian supplies of coal are imported from the U.S.A. . The responsibility for coal and other supplies for Italian civil requirements has passed to U.N.R.R.A.. Steps have been taken by UNRRA in conjunction with the Italian Government to meet this emergency.

3. The following propositions, under consideration for the augmentation of the already short coal supply prior to strikes, are being followed up with the hope that they may ameliorate conditions:

a) UNRRA is actively pursuing the question of obtaining coal from the Ruhr, and a request was made at the E.C.O. meeting on March 13th for an allocation of 100,000 tons. No information is yet available as to whether this was granted. This may be accomplished in time to be of use in this emergency.

b) UNRRA is working on a proposal to the Italian Government to provide 50.000 tons per month of petroleum coke from the Persian Gulf. If arrangements are consumated in a timely manner, this would help in the emergency.

c) Negotiations between Italian and Polish Governments to request 60.000 tons coal per month from Poland. It is not likely that this will be accomplished in time for the impending emergency.

2560

4. In view of all the foregoing, it is apparent that it is very desirable to reopen immediately negotiations with the Jugoslav delegates to the Joint Committee with a view to obtaining supplies of Arsa coal. Therefore request has been submitted to 13 Corps that they undertake to

Re SHAEF 20/3/46 (Mars H)

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

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obtain a definite statement of the Jugoslav position on this matter.

For the Chief Commissioner:

M Van Buyoden

Brigadier.
Executive Commissioner.

Copy h: 6 Gen
4 Gen ✓

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

270

TRANSLATION

5016 GP

THE MINISTER OF FOREIGN AFFAIRS.

Rome, 4 March, 1946.

249 MAR 11 1946

Dear Admiral,

I refer to your letter dated 8 February 1946, in which you inform me that the European Coal Organization has decided to accept Italy as an associated country.

In taking notice of said decision I am very glad to advise you that the Royal Government has immediately given instructions to its representatives in London to sign officially, in the name of said Government, the document by which Italy accepts membership of the European Coal Organization. Dott. Giovanni [illegible] will represent Italy permanently in said Organization.

In sharing your assurance that Italy will receive a fair treatment which will enable her to face her vital necessities, I send you my regards.

Yours truly,

(s) De Gasperi.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
R O M E

Ex. Com. Dist — MAR 11 1946

Action — Econ Sec (2)
Info — Ch. Com. 245
Ex. Cttee.

SPAA 12/3/46

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

4049 + 5016 RD

169

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

FROM : HQ ALCOM 9.3.1946

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WAROF LONDON FOR 1946
SLAC SECRETARIAT AFHQ FHGEG

Ref.No: 1724 UNCALSSIFIED

This is MOC 530.

Subject is Anthracite Coal for the Manufacture of Electrode Paste.

Essential for the Italian steel industry. Without it the manufacture of steel will be greatly curtailed by the inability to use electric furnaces. To continue working electric furnaces a minimum of 6.000 tons of uniform size is required immediately preferably washed chestnuts or peas.

Precedence : PRIORITY

Office of origin : Ind & Util Br.

Tel.No. : 303

Originator's Signature : Col.H.M. WALKER

DISTRIBUTION

ACTION DIRECTION: Econ Sec 18
(CSC (6))
(Supply Gr.)
(Program Br.)
(Requisition Br10)

ADVANCE COPIES TO: Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tm SC 2

INFO : Chief Commissioner
Exec Comm 2
CC BR EMB
CA US EMB
File

Already seen in 4049/ET ~455

PA. 11.3.

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

2649 + 5086 AV

26T

I N C O M I N G M E S S A G E

HEADQUARTERS ALLIED COMMISSION

^^^^

Originator's Reference:
Date Time of Origin: MAR 081610 Z

Message Centre No: H/337
Date Time Rec'd: MAR 091630
Precedence: ROUTINE

MAR 11 1946

FROM: UGBE

TO : JOINT ATTN SACMED

INFO: TAG WAS H DC WAROF FOR CIVIL AFFAIRS LONDON ALCOM ROME
ALC UDINE MAIN XIII CORPS JJOS IMI

^^^^^^^^^^^^^^^^^^^^^^^^

UNCLASSIFIED.

Coal requirements Venezia Giulia and Udine, reference C 23178 dated 15 February. The following has been SEP UP in long tons bases on earliest availability marked Hocu F QM Roman 4 TTOC AA 72: 5500, coal steam : 8500, coal household and 8500, coal gas. Approved program part L 61 applies. This HQS will advice when shipments are made.

^^^^^^^^^^^^^^^^^^^^^^^^

AC DIST.
^^^^^^^^^^^^^^^^^^^^

ACTION DIRECTION - ECON SEC 18
CSO 6
SUPPLY GROUP
PROGRAM BR
REQUISITION BR 10

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

INFO - CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA WS EMB
FILE

2454

Leon M. Herbert

Precedence: ROUTINE

MAR 11 1946

FROM: UGRD

TO : JJMT ATTN SACMED

INFO: TAG WAS H DC WAROF FOR CIVIL AFFAIRS LONDON ALCOM ROME
ALC UDINE MAIN XIII CORPS JJOG EMI

^^^^^^^^^^^^^^^^^^^^^^

UNCLASSIFIED.

Coal requirements Venezia Giulia and Udine, reference C 23178 dated 15 February. The following has been SEP UP in long tons bases on earliest availability marked Hocu F QM Roman 4 TTOG AA 72: 5500, coal steam : 8500, coal household and 8500, coal gas. Approved program part L 51 applies. This HQS will advice when shipments are made.

^^^^^^^^^^^^^^^^^^^^^^^^

AC DIST.
^^^^^^^^^^^^^^^^^^^^

ACTION DIRECTION - ECON SEC 18
CSO 6
SUPPLY GROUP
PROGRAM BR
REQUISITION BR 10

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

INFO - CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA WS EMB
FILE

^^^^^

HEADQUARTERS
10 MAR 1946

2454

Seen on ADUG/EC

PA

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

5016 + 6049 GY

2601

I N C O M I N G M E S S A G E

Originator's Reference WCL 47917 Message Centre G/9514

Date:Time of Origin: FEB 190013 Date/Time Rec'd: FEB 191550

Precedence: PRIORITY

FROM: WAR FROM CCS CITE CCAC

TO: MORGAN FOR FHGEO, INFO ALCOM, AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1523. Coal requirements

1. Apparently CAL 1517 not understood by you. Combined coal committee was requested to make an allocation for VENEZIA GIULIA and UDINE on basis combined military responsibility. Combined coal committee stated that no additional coal could be allocated for any areas in ITALY and that supply for VENEZIA GIULIA and UDINE would have to come out of allocations already MDE for ITALY (see para 3 ccal 1517). Therefore, in CAL 1517 para 1 you were requested to consult Allied Commission and other inter agencies and agree a readjustment ofthese allocations so as to provide allocation for VENEZIA GIULIA and UDINE. This does not mean participation by UNRRA in these areas. Once the allocations are readjusted to provide for these areas, responsibility for supply will 0 in the combined military.
2. Para 2 CAL 1517 stated that after readjustment of exsting allocations, shipment of 2 months supply would be authorized. Since you have not determined these as yet, your call forward as stated in para 3 LAC 1360 cannot be recognized hilldring. 2453

AC DIST

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
FILE

ACTION DIRECTION ECON SECTION 18
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BR)
(REQUIS BR (10))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2

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

...ORGAN FOR EHGEO, INFO ALCOM, AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1523. Coal requirements

1. Apparently CAL 1517 not understood by you. Combined coal committee was requested to make an allocation for VENEZIA GIULIA and UDINE on basis combined military responsibility. Combined coal committee stated that no additional coal could be allocated for any areas in ITALY and that supply for VENEZIA GIULIA and UDINE would have to come out of allocations already MDE for ITALY (see para 3 coal 1517). Therefore, in CAL 1517 para 1 you were requested to consult Allied Commission and other inter agencies and agree a readjustment of these allocations so as to provide allocation for VENEZIA GIULIA and UDINE. This does not mean participation by UNRRA in these areas. Once the allocations are readjusted to provide for these areas, responsibility for supply will O in the combined military.
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AC DIST

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
FILE

ACTION DIRECTION ECON SECTION 18
(CSO (6))
(SHPTLY GROUP)
(PROGRAM BR)
(REQUIS BR (10))
ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

19 FEB 1945

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

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

4059 & 5016 96

266

I N C O M I N G M E S S A G E

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: MCC 477?0

Message Centre No: C/9521

Date/Time of Origin : FEB. 1702?97

Date Time Rec'd: FEB 1915 c

Precedence: ROUTINE

FROM: WAR DEPT CITE CCAC FOR CCAC

TO: UK BASE SECTION LONDON ALLIED COMMISSION FORACTION ATHA AND NAPLES

COMMUNE INFO: ATHA, FORFHORD AND LONDON AREA OFFICE FOR WAR OFFICE FORSLAC

SECRET.RELAT.

THIS IS COM 999.

UNCLASSIFIED:

REFER MCC 509 COAL SHIPMENTS AND REQUEST FOR ALLOCATION 50THOUSAND TONS COAL

FROM JUGOSLAVIA.

1. LAST YB COAL BOAT HAS CLEARED. SEPARATE MESSAGE. THEREFORE CONTACT UNRRA FOR FUTURE SHIPMENTS.

2. HOWEVER READY TO CONFIRM THAT ALL AVAILABLE DATA ON SHIPMENT EX UNITED STATES HAVE BEEN SENT TO A C SINCETHEY APPEAR ON INVOICES AND THAT THE TYPE OF COAL GOING OUT FROM EACH UNITED STATES PORT IS ALMOST CONSTANT SINCE IT COMES FROM SMALL MINES.

3. UNDERSTAND FROM ALLABRICE NOW BACK IN UNITED STATESTHAT ALL DATA OF TYPE OF COAL BY AREA AND THEREFORE PORT OF CLEARANCE OF VESSEL ARE AVAILABLE IN COAL SECTION A C, COLONEL WALKER, AND THAT TO MAKE AVAILABLE INFORMATION WHICH COULD POSSIBLY BE OBTAINED. INVOICES REGULARLY SENT TO A C FIGHT COM ALLOCATIONS COVER EACH SHIPMENT AND GIVE COMPOSITION OF CARGO BY 9 AND TWO. UNDERSTAND FURTHER FROM ALLABRICE THAT COAL SECTION HASNEVER BEEN PROVIDED WITH COPIES OF SUCH INVOICES WHICH WERE OBVIOUSLY INTENDED FOR IT IN ORDER TO AVOID ALLOCATION OF COAL TO THE EXTENT POSSIBLE.

4. REFER MCC 496 . DO NOT . UNDERSTAND YOUR REQUEST MCC 497. WHAT KIND OF

2451

Precedence: ROUTINE

FROM: WAR DEPT CITE COAL FOR G1AC

TO: UK BASE SECTION LONDON ALLIED COAL ALLOCATION FORMATION ATHQ AEG NAPLES

CG USFET INFO: AFHQ FORFHQ AEG LONDON AREA OFFICE FOR WAR OFFICE FORSEC SECRETARIAT.

USAD GUARD

19 FEB 1946

THIS IS COM 395.

UNCLASSIFIED:

REFER MOC 509 COAL SHIPMENTS AND REQUEST FOR ALLOCATION 50THOUSAND TONS COAL FROM JUGOSLAVIA.

1. LAST YR COAL BOATS HAD CLEARED. SEPARATE MESSAGE. THEREFORE CONTACT UNRRA FOR FUTURE SHIPMENTS.

2. HOWEVER BRADVISEDTHAT ALL AVAILABLE DATA ON SHIPMENT EX UNITED STATES HAVE BEEN SENT TO A C SHAEFHEY APPEAR ON INVOICES AND THAT THE TYPE OF COAL GOING OUT FROM EACH UNITED STATES PORT IS ALMOST CONSTANT SINCE IT GOES FROM ASSIGNED.

3. UNDERSTAND FROM ALLRIDGE NOW BACK IN UNITED STATESTHAT ALL DATA ON TYPE OF COAL BY AREA AND THEREFORE PORT OF CLEARANCE OF VESSELS ARE AVAILABLE IN COAL SECTION A. C. COLONEL PALMER, AND THAT IS BEST ADVANCE INFORMATION WHICH COULD POSSIBLY BE OBTAINED, INVOICES REGULARLY SENT TO A C WHICH COM ALTGRAMS COVER EACH SHIPMENT AND GIVE DESCRIPTION OF CARGO BY 9 AND XYZ . UNDERSTAND FURTHER FROM ALLRIDGE THAT COAL SECTION HASNEVER BEEN PROVIDED WITH COPIES OF SUCH INVOICES WHICH WERE OBVIOUSLY INTENDED FOR IT IN ORDER TO AVOID DUPLICATION OF COAL TO THE EXTENT POSSIBLE. 2451

4. REFER MOC IN 97 . DO NOT UNDERSTAND YOUR REQUEST MOC 497. WHAT KIND OF COAL IS REFERRED TO QUERY IS THAT FROM ANY MINE QUERY IS IT ALL GOVERNMENT PAYING CASH REQUEST NOT BEEN REFERRED TO UNRRA SINCE UNRRA IS RESPONSIBLE FOR ALL COAL SHIPMENTS TO ITALY QUERY NO REQUEST CAN BE PRESENTED UNLESS ABOVE INFORMATION IS RECEIVED.

PA

WAR/RC

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

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

5016 + 4049 (6)

265

INCOMING MESSAGE
HEADQUARTERS ALLIED COMMISSION

Originator's Reference: C 27719 Message Centre: H/162
Date Time of Origin: MAR.041039A Date Time Rec'd: MAR.050915
Precedence : ROUTINE

FROM : AFHQ G-5.
TO : ACAR WASHINGTON INFO WAROF LONDON - ALCOM ROME FOR CCS CCAC CIVIL AFFAIRS.

UNCLASSIFIED.

Coal requirements Venezia Giulia and Udine.

This is LAC 1 3 6 5 Reference CAL 1523. UNRRA has not agreed to allocation of coal for Venezia Giulia and Udine from allocations already made for Italy. Present allocation not sufficient to do so, as it is only sufficient for minimum needs of italian economy. Situation further aggravated by shortfalls during recent months.

2.January requirements were met by loans from fea subject to repayment in kind. February requirements partly met by allocation 2 UK military cargoes totalling 14000 tons, also loan fea coal used.

3. UK military prepared to allocate 1 cargo March but us military not yet advised of any expected March arrivals.

4. Most important that allocations be made to cover Venezia Giulia-Udine requirements to meet needs for those areas during April, May and June as well as cover repayment of commitments for January, February and March.

5. Request you stress to combined coal committee necessity for allocation of coal for Venezia Giulia and Udine. First shipment for arrival early April.

6. Should additional allocation still be considered impracticable because combined coal committee must include Venezia Giulia and Udine, which areas remain a military responsibility for supplies, as an integral part of Italy, it will be necessary to reduce the overall allocation to UNRRA Italy for period January-June 1946 and so provide for total requirements for Venezia Giulia and Udine for period January-June 1946 under LAC Airgram 140 dated 28 December 1945 to be imported on military account.

5430

PAS 5/3

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

72 + 216 81

15.12/0 259

G.H.Q., C.M.F. 1229/41

ADMINISTRATIVE INSTRUCTION NO. 25 23 Feb 46

NET 28 1946

Supply of Coal to British Forces in ITALY including VENEZIA GIULIA

GENERAL

1. Allied Commission Coal Division will cease to be executive 1 Mar 46. The object of this instruction which supersedes that of similar title dated 25 Oct 45 is to set out the procedure for the supply of coal to the British Forces in ITALY after 1 Mar 46.

DEFINITION

2. Coal where used in this instruction includes coal, coke and any other solid fuel other than wood whether imported or locally produced.

POLICY

3. The civil coal programme is being provided by UNRRA wef 1 Mar 46. It is most necessary for economy in distribution that the civil and military coal programmes are closely co-ordinated in order that exchanges in different localities may be arranged. Railway requirements involve both civil and military coal. Military demands for indigenous and locally produced coal have to be negotiated with the Italian Government. All agencies involved are located in ROME and it has therefore been decided to establish there a GHQ Coal Representative who will be responsible to 'Q' Branch GHQ CMF for the co-ordination of British Military coal requirements. At a later date it is intended to transfer this responsibility to DST GHQ CMF.

PROVISION

4. D Tn DST and DW GHQ will submit bids for their future requirements to GHQ Coal Representative in accordance with current procedure. GHQ Coal Representative will take the necessary action to procure this coal from authorised supply agencies.

IMPORTATION AND ALLOCATION OF CARGOES

5. GHQ Coal Representative will:-

(a) be responsible for co-ordinating with the appropriate Shipping authorities and UNRRA the allocation of Military coal cargoes to ports.

(b) issue instructions to the agency responsible for discharge as to the allocation to users of Military cargoes of colliers.

GHQ CMF will be consulted when necessary.

LOCAL PRODUCTION

[illegible] with para 4 above will cover

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

GENERAL

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(b) issue instructions to the agency responsible for discharge as to the allocation to users of Military cargoes of colliers.

GHQ CMF will be consulted when necessary.

LOCAL PRODUCTION

6. The bids submitted in accordance with para 4 above will cover all solid fuel requirements other than wood, and will therefore include Sardinian coal, cogne anthracite, lignite, gas or metallurgical coke and peat.

/GHQ Coal.....

See Min 260 to 264 seen on file 72/EL

Copy to 72/EL

PA 4/3

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

258

GHQ Coal Representative will place these bids on the Italian Government and will ensure that suitable steps are taken for Military requirements to be given priority over civil requirements except in regard to Civil hospitals and bakeries, which will have equal priority with military hospitals and bakeries.

ACCOUNTING

7. GHQ Coal Representative will keep any records required of imports and disposal of coal on British Military Account. He is authorised to endorse on behalf of GHQ bills of lading and to sign other relevant documents.

STOCK REPORTS

8. GHQ Coal Representative will be supplied with reports of stocks in the hands of Military users in accordance with present procedure.

MILITARY CONTRACTORS

9. Since the main source of civil coal will be from UNRRA funds for some time to come it is not possible for contractors for the military to be supplied from civil stocks. It is therefore necessary for coal from Military stocks to be supplied for military contracts. Requirements will be included in bids referred to in para 4 above and GHQ Coal representative will be advised by services concerned of the distribution required.

N.E. ITALY

10. Requirements of the British Forces areas of NE ITALY, including VENEZIA GIULIA, under Allied Military Government will be submitted to GHQ Coal Representative in accordance with para 4 above but a separate bid will be submitted by Services in respect of this territory. Allied Military Government requirements will continue to be met as heretofore.

COMMUNICATIONS

11. GHQ Coal Representative will for the present be located with Coal Division Allied Commission and should be addressed as follows:-

Postal - GHQ CMF Coal Representative, C/O Coal Division, Allied Commission, ROME.

Signals - ALCOM cite ACCOL for GHQ Coal Rep.

2447

Telephone - ROME 479081 Ext 303
ROME 478489

12. At a later stage GHQ Coal Representative may be located with UNRRA ITALY Mission.

W.D.A. CLARK, Lieut-Colonel,
for Major-General,

...and Bakeries.

ACCOUNTING

7. GHQ Coal Representative will keep any records required of imports and disposal of coal on British Military account. He is authorised to endorse on behalf of GHQ bills of lading and to sign other relevant documents.

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Signals - ALCOM cite ACCOL for GHQ Coal Rep,

Telephone - ROME 487081 Ext 303
ROME 478489

2447

12. At a later stage GHQ Coal Representative may be located with UNRRA ITALY Mission.

W.D.A. CLARE, Lieut-Colonel,
for Major-General,
MGA.

Distribution: - Over

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

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G.H.Q., C.M.F.

ADMINISTRATIVE INSTRUCTION NO. 25

DISTRIBUTION

HQ BTA	(2)
HQ Allied Commission ROME	(10)
HQ 13 Corps	(2)
HQ 2 District	(2)
HQ 3 District	(2)
MGA	
G-4MTOUSA	(3)
G-5 AFHQ	(2)
Q (Mov)	(5)
DMESI	(2)
DW	(2)
DST	(2)
GnD (Br)	(2)
D Tn	
FA	
DPIC	
EFU	
MWT	
WSA	
UNRRA AFHQ	
UNRRA ITALY Mission	

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

Ref. AS/15.12/0

28 February 1946

SUBJECT: Arsa Coal

TO : AFHQ (Attn. G-5 Section)

236.

1. Reference is made to the cable to you (JEC/13 of 3 February 1946 from the Joint Economic Committee Rear 13th Corps) requesting your ruling on a pending trade arrangement for importation into Italy to certain private firms of 3,000 tons of Arsa coal.

2. The Allied Commission wishes to make the following comments on this matter:

a. The Italian Government apparently had no knowledge of this arrangement until it was drawn to their attention by the Allied Authorities. It is presently understood that they are not favorably disposed to the arrangement. Letters have been sent to the Ministries of Foreign Affairs and of Industry and Commerce asking their opinion in this and similar arrangements. Replies to these letters have not, as yet, been received by this Headquarters.

b. Facts are emerging that suggest that it was the intention of the Italian group of Firms involved to effect this import without the knowledge of the Italian Government. Certainly if these facts are substantiated, the arrangement would be highly undesirable and 13th Corps should take all steps necessary to stop its completion.

c. However, the reasons advanced by the Joint Economic Committee should not warrant Allied interference with a normal trade arrangement of this sort:

(1) Procurement of this coal by such an arrangement, if divorced from the implications of irregular extra-governmental negotiations, is within the province of the Italian Government and is subject to their decision insofar as it does not substantially interfere with Allied Military responsibilities.

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(Chief. G)

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(2) The quantity involved is admittedly insignificant in the overall coal situation. The price quoted is not disproportionately high in comparison with current prices of other indigenous coal of like quality.

(3) The fact that the Committee is not in accordance with this price should not of itself warrant interference.

5. It is recommended, therefore, that the matter be suspended until the Italian Government can complete its present investigation and can submit their opinion thereon. Instructions to 13th Corps should confine themselves to insuring that such arrangements are properly channelled, so that compliance with the declared policy of the Italian Government on such trade matters can be assured.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc:- A.M.G. - 13th Corps
(Attn. JEC, Rear 13th Corps)

Internal Distribution:- Coal Division
Foreign Trade
Requisition Branch

24-14

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5016 4049. 87

2511

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: CL 46625 Message Centre No: G/9749

Date/Time of Origin: 1323262 Date Time Rec'd: FEB 21 0930

Precedence; ROUTINE

FROM: WAR OCS CITE CCAC CLAC

FEB 2 5 1946

TO: AC ITALY AFHQ WAR OF TROOPERS

INFO: AFHQ FOR PHILO AND LONDON AFHQ OFFICE FOR WAR OFFICE FOR SLAO SECRETARIAT

THIS IS COM 389

UNCLASSIFIED:

FOLLOWING ARE LATEST FINAL SAILING DATES FOR COAL:

TB NUMBER:	NAME:	TONNAGE	DATE
AFHQ 345	ANSON ANSON DARLINGTON	8228,GA	1-25
354(SEE NOTE 1)	JOHN A MAHA	7962	1-4
360	HON.DR WILLIAMS	8287	1-30
361	DULLEY KING HUGHES	8296	2-1
368(SEE NOTE 2)	LASALLE DAN	9258	1-9
372	ALLEN ROA OT	204	2-2
379	CHAPEL CAROLINE	8308	2-2
TYPHE 92	IN VAN NUYS	BLANK	2-3
398	PHILIP CHARLES ERL	8187	2-4
3 NUMBERING	R S WILSON	8223	1-30

NOTE 1; PREVIOUSLY REPORTED IN COM 367 AS TB 254. NOTE 2; PREVIOUSLY REPORTED IN COM 367 AS LOADING -(FORMERLY TB 279)

2443

IN ADDITIONAL FOLLOWING ARE REPORTED DATES OF LOADING;

AFHQ 347	DAVID LUBIN	8258	2-2
348	MINGA SEAM	8646	2-1
395	KAJ MCKENZIE	7751	2-4
420	ANN H SEAM	7899	2-2
421	BECKLEY SEAM	9312	2-4

[illegible] GLAO

TO: AC ITALY AFHQ, [illegible] OF TROOPERS

INFO: AFHQ FOR ENGLG AND LONDON AFHQ OFFICE FOR WAR OFFICE FOR SLAO SECRETARIAT

THIS IS COM 389

UNCLASSIFIED:

FOLLOWING ARE LATEST FINAL SHIPPING DATES FOR COAL:

TB NUMBER:	NAME:	TONNAGE	DATE
CAR. 345	ANSON ANSON BURLINGAME	8228,GA	1-25
354(SEE NOTE 1)	JOHN A WARD	7962	1-4
360	HOWARD WILLIAMS	8287	1-30
361	DUDLEY MIKE HUGHES	8296	2-1
368(SEE NOTE 2,	LASALLE SEAM	9258	1-9
372	ALICE MOL GA	204	2-2
379	CHARLU CAOULAND	8308	2-2
TYREL 92	IN VAN NUYS	BLANK	2-3
398	PHILIP CHARLIES ERL	8187	2-4
3 MELROPINE	M S WILSON	8223	1-30

NOTE 1: PREVIOUSLY REPORTED IN COM 367 AS TB 254. NOTE 2: PREVIOUSLY REPORTED IN COM 367 AS LOADING -(FORMERLY TB 279)

IN ADDITIONAL FOLLOWING ARE REPORTED DATES OF LOADING:

[illegible] 347	DAVID LUBIN	8258	2-2
348	MINGA SEAM	8646	2-1
393	KAJ MORNZIA	7751	2-4
420	ANN H SEAM	7899	2-2
421	BECKLEY SEAM	9312	2-4

(CONT) ON PAGE 2.

seen on file 4049/EC

HEADQUARTERS ... 6?

FEB 26 1946

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TB NUMBER	NAME	TONNAGE	DATE
431	JAS J OREILLY	8926	2-4
433	LAWRENCE D TYSON	7924	2-2
434	PAUL CHANDLER	(8114?)	2-3
436	MOSES CLEVELAND	8102	2-5
437	PAUL HAMILTON HAYNE	8007	2-4
438(FORMERLY 356)	THOMAS SMITH	8286	2-2
446(FORMERLY 390)	GEORGE CLIFFE)	8372	2-4
455	JAS MANNING	8955	2-3

1400572

ACC DISA

ACTION: DIRECTION: ECON SECTION 18
(CSO (6)
(SUGAR GROUP)
(PROD. BR)
(REQUISITION BR (10)

DIVIDE COPIES TO : COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER
CC BR AAA
CC WS AAA
FILE

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

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

cc: Chief Commissioner
Exec. Commission
Amer. Embassy
British Embassy
G-5 AFHQ

5016 41

249.

Ref. 53/3.20

8 February 1946

321

My dear Mr. Prime Minister:-

Further to letter of 11th January 1946 addressed by Mr. Harlan Cleveland, the Acting Vice President, Economic Section, to the Ministry of Foreign Affairs, Rome, I am pleased to inform you that cabled advice has now been received to the effect that the European Coal Organisation, with the full agreement of the United States and United Kingdom Governments, is prepared to regard Italy as an associated Country in relation to the ECO.

Your Government therefore is invited to send a representative to the Allocation Meetings for the purpose of presenting Italian requirements in conjunction with UNRRA representatives.

Enclosed herewith are copies of the formal agreement already existing between the Member Countries; your particular attention is drawn to the fact that, along with all Member and all other Associate Countries, you will be required to keep ECO furnished with all relevant information on the Italian Coal situation.

To conform with the undertaking requested in paragraph 3 above, I shall be pleased to receive your agreement with this and I suggest that you may prefer that this should officially be signed at the ECO Headquarters, 19 Chester Square, London S.W.I., by a representative of the Italian Embassy when at the same time you could present the nomination of your future representative.

I further enclose draft copy of the ECO Statistics Working Party Form 10 setting out the data to be regularly submitted. In this connection, your dealings with the European Coal Organisation will, of course, be in cooperation with UNRRA, and I am informed that the Division of Fuels in the UNRRA Italian Mission will be glad to render you advice and assistance on any matter which is not perfectly clear.

I am aware of the extent of the financial contribution which Italy will be expected to bear for the maintenance of the organisation, but I am sure you will receive fair and equal treatment from the existing 10 Member Countries at the next Council Meeting.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Doctor Alcide De Gasperi
President of the Council of Ministers
Italian Government, Rome

(NA) 11

4049 + 5016 RP

(248)

I N C O M I N G M E S S A G E

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: WOL 43808 — Message Centre No: G/8677

Date Time of Origin: FEB 042301 Z — Date Time Rec'd: FEB 050930 Z

Precedence: ROUTINE

FROM: WAR CCS CITE COAC

TO : MORGAN FOR FHQCC

INFO: ALCOM AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1517. Refer LAU airgrams 139 and 140.
Coal requirements.
Para 1. On basis of locations of the combined coal committee for January and tentative allocations for February, no additional coal can be allocated to Italy. Requirements for Venezia Hyphen Giulia and Udine must be met from allocations made to other claimants for Italy. Request you consult Allied Commission and other interested agencies and recommend A division among the various claimants including Venezia Hyphen Giulia and Udine of the coals available to Italy from combined sources.
Para 2. Upon such determination, pending final approval of your requirements for Venezia Hyphen Giulia and Udine; shipment of 2 months supply will be authorized.
Para 3. The January allocations and tentative February allocations by combined coal committee are as follows:

Claimant	Amount	Source
UNRRA	18.000 L/T	South Africa
UK Military	45.000 L/T	SouthAfrica
United States Military	17.000 L/T	United States
UNRRA	432.000 L/T	United States.

AC DIST.

ACTION DIRECTION - ECON SEC 16
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BR)
(REQUISITION BR (10))

ADVANCE COPIES TO - COMMERCE SC 2

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4049/EC
IA 5/2

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

Precedence: ROUTINE

FROM: WAR CCS CITE CCAC

TO : MORGAN FOR EXCOS

INFO: ALSOM AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

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UNCLASSIFIED.

This is CAL 1517. Refer. LAO airgrams 139 and 140.
Coal requirements.
Para 1. On basis of locations of the combined coal committee for January and tentative allocations for February, no additional coal can be allocated to Italy. Requirements for Venezia Hyphen Giulia and Udine must be met from allocations made to other claimants for Italy. Request you consult Allied Commission and other interested agencies and recommend A division among the various claimants including Venezia Hyphen Giulia and Udine of the coal available to Italy from combined sources.
Para 2. Upon such determination, pending final approval of your requirements for Venezia Hyphen Giulia and Udine, shipment of 2 months supply will be authorized.
Para 3. The January allocations and tentative February allocations by combined coal committee are as follows:

Claimant	Amount	Source
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UK Military	45.000 L/T	SouthAfrica
United States Military	17.000 L/T	United States
UNRRA	432.000 L/T	United States.

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AC DIST.
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ACTION DIRECTION - ECON SEC 18
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BR)
(REQUISITION BR (10))

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND UTILITIES SC 2
COAL DIV 1
TN SC 2

INFO: - CHIEF COMMISSIONER
EXEC COMM 2
CC BR END - CA US END - WSA ROME - AVTR
FILE

2441
HOHQ/EC
A 5/2

FEB 1946

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

7 February 1946

FEB 8 1946

Tel: 550

Ref: EC/15.12/0

Subject: Price of Coal

To : Chief Commissioner

I think you may be interested in the attached minutes of a meeting held to consider the price of coal, which developed into a general discussion of UNRRA and Italian Government economic policies.

HARLAN CLEVELAND
Acting Vice President

Incl: 1
(Minutes)

cc: Executive Commissioner
(w/Incl.)

See M.247 250.1.2.3

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Sent 6/2/46

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U N R R A

ITALIAN MISSION

M I N U T E S

of

MEETING ON ITALIAN PRICE POLICY
(With Particular Reference to the Price of Coal)

Held in the Office of the
CHIEF OF MISSION

2 February 1945

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PRESENT

For the Italian Government:

Dottore Ugo La Malfa
Minister of Foreign Trade

Signor Matteo Lombardo
Undersecretary of Industry and Commerce

Avvocato Enzo Storoni
Undersecretary of Foreign Trade

Cavaliere Saponaro
Representative of Italian Treasury

Professore Aldo Pogliotti
Interministerial Price Committee

For the UNRRA Italian Mission:

Mr. S. M. Keeny
Chief of Mission

Mr. Harlan Cleveland
Deputy Chief of Mission for Bureau of Requirements and Distribution

Col. H. M. Walker
Chief of Division of Fuels

Mr. R. B. Scriven
Division of Fuels

Lt. Col. F. W. Tooby
Special Assistant,
Bureau of Requirements & Distribution

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MR. KEENY: This meeting follows the meeting of yesterday on a quite different subject, that is seed potatoes. It was agreed yesterday that the decisions taken yesterday would apply only to that one commodity, which may have a number of special features to it. On the other hand, there may be some principles which have been raised there which can be carried over to this new commodity. I take it that we can begin with the agreement that whatever price levels are determined, we want to have a single price system for goods that are sold. We want to work to that objective, recognizing the special problems of domestically produced coal and the different grades of coal, and that any decisions that we reach will start from that assumption. That, of course, does not mean that we necessarily agree as to what that price should be. That is the problem we have met to discuss. I for one am emphatically not an expert in the coal business, although I did work with Mr. Cleveland in Washington for a time in connection with the Combined Chiefs of Staff and the Combined Coal Committee, but we do have here, on both sides, experts, and I should like to suggest that they feel freer to speak than the seed potato experts seemed to feel yesterday. Yesterday we amateurs solved all of the problems and the experts sat quiet. I do urge that those of you who are experts in the subject should not hesitate to bring up all the practical problems that are involved in order that we may get a decision which will result in our getting as much coal and the best type of coal distributed in the best possible system. We are all working together to that end and at our preliminary discussion which we held this morning, we discovered a number of points that we want to stress to the United States that we hope will help indirectly in getting the necessary power and the proper qualities of coal at this end. Our problem today is a difficult one, but it is all part of the whole great problem of how to get enough coal of the right kind for Italy at the right prices. This part of the discussion should fit in with the whole problem that we will have to face within the next month. As our special responsibility for supply, I personally feel, and I think all of the rest of UNRRA/AC staff feel, that we are getting too low a grade of coal. We want to get a better grade of coal. We want to get more coking coal. We want to pay less freight and we want coal to come with greater regularity. We are working on those problems from our side and will do all we can. Our problem today, however, is what to do with the coal we do get after it has arrived at the ports, as far as pricing it is concerned. I am going to ask Mr. Cleveland to conduct the meeting from here on as a problem of his Bureau and I'll try to keep quiet part of the time.

MR. CLEVELAND: Well, I think first we ought perhaps to review some of the general considerations that we touched on in considering the question of seed potatoes yesterday afternoon. We consider that there are three types of UNRRA supplies. Let's call them type "a", "b" and "c" for purposes of simplicity. Type "a", those items which represent only a small part of the total requirements of Italy; type "b", those which represent a major portion of Italy's requirements; and type "c", those which represent virtually the total amount of Italy's requirements. Now, I think we should start from the assumption, as Mr. Keeny mentioned, that

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we are both talking about the same thing; we are both talking about the total price system of Italy; that there is no disposition to want to have a double price structure - one price structure for UNRRA supplies and another price structure for Italy. Rather, the objective in this situation of potentially disastrous inflation in Italy is to use UNRRA supplies to the maximum possible extent to bring down the general price level in the country.

But in connection with the UNRRA supplies, I think we have to recognize that they are different in kind from a financial, and therefore from a price standpoint, from either the previous Allied imported supplies under the old Category A program or old Troop Pay program, and they are also different from other supplies which are brought in by the Government. The difference is this: that in the case of the old Military program, in thecase of the FEA program, in the case of the Troop Pay program, and in the case of the current purchases of 1946 by Zacerdoti, Signorelli, and other Italian purchasing agents abroad, all those purchases represent either a current or a contingent foreign exchange liability. The Italian Government either has to pay, or has to agree that at some future date it will have to pay, in dollars or sterling or some form of foreign currency. But UNRRA supplies arrive and are dumped over the side of the ship, and at that point they cost the Italian Government nothing, either currently or prospectively in the future. They are really gratis supplies for the first time. In considering the pricing of supplies under previous programs that have come in through the Allied Commission, both the Italian Government and AC have been effected in their thinking by the fact of this current or contingent liability. Therefore we have tended to start as a point of departure from the landed cost and add to it the handling and transportation charges. The Government started and AC started with the landed cost, the cost at the port in Italy. The cost was a true cost and the Italian Government did have to pay. But now, on the UNRRA supplies, considerationsof landed cost are not as important as our objectives in terms of the internal price system.

The basic objective of price policy in Italy talking in general terms rather than only of coal, is to produce a stable and lower price level, which will be able to stand on the same ground with international prices sometime during the next few months or a year. I take that as a fundamental assumption, something that both the Italian Government and UNRRA wish to see achieved in Italy. In terms of this distinction between categories "a", "b", and "c", obviously a commodity in the first category - items that represent only a small part of the total supply - cannot have a very important effect on the price of the total amount of that commodity that is available in Italy. It was that kind of a case that we had yesterday in connection with the seed potatoes, where you averaged the UNRRA amounts into the total amounts coming from all sources and got a uniform price. In the case of coal, we have a product of which the UNRRA supplies next month will represent virtually the total imported supplies -- that is the loadings next month, the receipts the following month -- March arrivals. Now because of the small domestic production of coal in Italy, it results that about five-sixths of the total supply of the coal in Italy

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for March or April will be UNRRA-supplied coal.

For this type of commodity, my own feeling is that the technique for arriving at a price, or at a schedule of prices for various grades, should be this: first, we should try to establish at what point we want the price of coal to be six months, eight months, nine months from now when the situation of the Italian international economy is considerably more stabilized than it is at present; and secondly, that we should establish the price now, not necessarily at that eventual price but with a view to arriving at the end of six or eight or nine months, whatever we take, at that internationally acceptable internal price. Now the implication of that - just as a trial balloon, as we threw two or three trial balloons up yesterday in the seed potato meeting -- would be something like this; to say, for example, that the Italian Government, internally not publicly, the Italian Government expected at the end of six or seven months the rate of exchange with other currencies will be, say 225. We therefore think that as of that time, coal should be selling in Italy for say, 4500 lire, plus the handling and distribution charges, instead of the present 21 or 26 plus, and that the price be fixed now. I don't think from a decision of that character it necessarily follows that you immediately jump the price of coal from 21 plus distribution charges to 45 plus distribution charges, but rather that you approach your eventual price gradually over a period so not, by a jump in such a basic commodity as coal, immediately to give rise to maladjustments in the whole industrial price system, which can only result in setting of inflationary prices in many other lines. The reason for this thought is the following: if you jump immediately to say 45, you then force the first processor who uses coal to jump the price of his product, and the second, because the first has jumped, has to jump his price, and so forth down to the ultimate consumer, the result of which is again a demand for increased wages, which are granted because they are justified in terms of an upward spiralling of the price structure on the industrial side, which in turn comes back into the distribution scheme to raise the cost of distribution, and which will eventually result in having to raise the 45 to 65, 80, and up; whereas if you start gradually, you may actually achieve the result of coming out eight or nine months hence with the price you now decide to be the desired eventual price, instead of six or nine months hence coming out with a situation in which the internal price level is still far above the level of international prices. That's simply as an example of this suggested technique for going about the pricing of supplies in the second and third categories - our "b" and "c" categories; I think we should now, against this background, hear in specific terms the proposal that has been discussed in the Government -- what it is proposed to do about the price of coal and when.

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MIN. LA MALFA: The price of coal should diminish in some months; also the price we make today, owing to the scarcity on the market. We cannot be in accord with the idea that the exchange rate of 225 should be arrived at gradually, but vice versa; but rather having a high price today, the cost of production, etc., everything should go down. Today we should have the highest price, owing to scarcity on the market. The projected increase in the price of coal is due today, from the first of February of this year, and Minister La Malfa explains that they have started rather from a different angle from which you started, inasmuch as they think that they would bring the price up to the realistic level of the cost of everything in Italy today in order to have it diminish gradually as time goes by. In other words, coal is due to cost less as the cost of other goods diminishes, and as a greater amount of coal is offered. Coal costs a good deal right now because there is very little of it, so that they would start from the opposite angle from which you have started and they would rather fix an adequate price now in order to avoid that the present price advantage should go to private firms and individuals, and rather diminish the price of coal as time goes by.

A consideration has been also taken concerning the destination of the coal according to the consumers. In other words, the coal which is going to be directly used by the consumers, such as coal allocated for production of heating, or for gas or for transportation, like railroads, remains at the original price, the same price, while the coal which is going to be used by industry is that which is going to be increased, because Minister La Malfa thinks in any case industrialists in their price fixings consider coal at the realistic level of prices in the country and they would be the only ones to benefit by that. The price of coal to be delivered to the first class of consumers, which means heating, gas, and transportation, remains at 2600 lire a ton, while the coal which is going to be delivered to industry has been brought up to 4500 lire.

MR. KEENY: I want to ask why February first was set for this change and are there any more limitations? I have never seen any document on this whatever, presenting the Government's point of view and classifications. I wonder if there is such a document.

MIN. LA MALFA: There is a document inasmuch as it is a resolution of the Price Fixing Committee. They intend to communicate to UNRRA but they have taken the resolution and they are going to communicate it now. It is a two-fold resolution to give coal at 2600 to the first class of consumers, and 4500 to the second class.

MR. CLEVELAND: Are those prices in effect at this moment?

MIN. LA MALFA: No. They are waiting for agreement with you, but the resolution has been taken and as soon as agreement is reached, it will be taken.

MR. KEENY: As far as UNRRA coal is concerned, the agreement for that, as for any other commodity, provides that we must review and agree on the prices and we have as yet nothing to consider until a document is presented to us;

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we haven't anything to work on. Is there anything more to the document than has been stated? Has the Minister told the whole story orally or are there other details to it? I don't want to comment until I know the whole story.

MIN. LA MALFA: This is a communication that he makes verbally today, but which can be made also in writing if you wish.

MR. CLEVELAND: This is rather a general point, I think, but the overall agreement between the Italian Government and UNRRA contemplates that on matters of policy affecting distribution of UNRRA goods, among which matters price is specifically mentioned in the agreement, those matters will be discussed and agreed between UNRRA and the Government ahead of time before decisions are implemented by the Italian Government. No procedure for arriving at such agreements has yet been adopted or communicated to us by the Italian Government, but whatever procedure it is, I would certainly hope it would not involve oral communiques on subjects as basic as the price of coal.

MIN. LA MALFA: Minister La Malfa says that the Italian Government have not taken a decision. They had to agree among themselves which price they would support in proposing it to the Allies, so they do not think that they have trespassed on any point of procedure, but rather prepared themselves to discuss the point. The intention of the Government concerning prices can be expressed in two different points. The first point is to assure a single price structure for every commodity, whatever its origin, and the second is this, that the chief consideration effecting price fixing policy is that the Italian Government is responsible toward UNRRA for filling up that fund which must be used for rehabilitation and reconstruction purposes; in addition, they must consider the eventual benefits that may accrue to the Treasury from fixing adequate prices in some commodities - that is, the Treasury may derive some benefit and pass it over to that fund. This has been mentioned by the Prime Minister in the letter to Mr. Keeny at the time of the signing of the agreement.

MR. KEENY: We do not wish to suggest that there has been any violation in the procedure they are using, but to request on major commodities when price changes are considered, that we have such communication in writing with the justification, with the reasons set forth so that we can study them and take them into account, and, so far as possible, see the reasons why the Government makes the recommendation. They may count on us then to agree wherever it is possible to do so, but we need to examine the proposal, first in relationship to the resolutions that we are bound to uphold for UNRRA in general, and secondly, to raise any practical questions of operation that may involve the problem in this particular country.

My second point is this: we understand from the Prime Minister's letter that the receipts from such sales will go to the fund which will be used for rehabilitation and reconstruction in the country, and that removed a doubt around which there was some legal question, namely, whether the receipts from UNRRA supplies might be used to subsidize exports -- but the Prime Minister's letter has reassured us on

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that point. We are therefore quite aware in raising the question which Mr. Cleveland has raised, we are arguing against ourselves in that we will reduce the amount of price sales if we keep the price low, but the issue we have to examine together is whether it is better to have a large lire receipt for other purposes of rehabilitation or reconstruction, or to keep the prices low and thus give whatever benefits we can directly in that way. That is the issue that we have to examine, and at the moment the point we are pressing is the danger of moving the prices upward at a time when labor, for example, is pressing for higher wages, because then we give the best argument to the people who are asking for more wages and the costs of living are higher. We are hoping that the policy that we work out will be such as to bring an influence for lowering prices as early as possible, and therefore we are asking for a thorough examination of the situation before we accept the proposal or a drastic upward swing in relation to prices.

MIN. LA MALFA: He agrees entirely with you when you say the real problem is whether we should have a substantial fund for relief and rehabilitation, gotten through higher prices, or a lower fund for relief, gotten through lesser prices, but the reason why the Government would prefer to keep the prices at the ruling market level are in the main these two: first, that if prices are fixed on the regular market, or realistic market level, it will not be necessary for the government to establish a complicated control system, because it will not be necessary with commodities being sold at the true prices they will fetch, no matter what their source. And that would also avoid fixing different prices for the same commodity, according to the source from which such commodities are coming. For instance, it will be possible for the Italian Government to sell at the same relative prices coal coming from Sardinia or from Poland or from UNRRA. The second reason is this, that if, say in six months' time, or whatever time it is, the assistance of UNRRA stops, the Government will have to adopt the regular market prices for coal without being able to get that convenient coal from UNRRA. In other words, the Government would have to adopt a policy different from the general trend of the international market. In six months' time on the international market, prices will be lower from what they are now, while the contrary would happen in Italy if Italy would adopt a low price now and would be compelled to adopt a higher price when UNRRA assistance ceased. He would consider it a risky policy to follow a different trend than the trend of the international market. In other words, the international market tends to lower the price, while the Italian Government would have to raise its price.

MR. KEENY: On the first point we stated before he came in -- our agreement with the necessity of a single price policy -- and we stated that UNRRA would be agreed to apply in the case of coal, as we did yesterday in the case of seed potatoes, the principle of putting together all the coal from various sources at the true prices and thus deriving an average price so there would be only one price system. I think we may start from the assumption that at least we will agree on that. The basic question here, when you are talking about world prices, is that the world price of coal for the quality we are getting, is about $6.00 or $7.00 a ton at shipside, or in that general neighborhood, and the

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price of coal delivered to a manufacturer in Milan, we'll say, at 100 to the dollar, is about $60.00 or $70.00 a ton - about ten times as high. When you are talking about returning to the world price of coal by raising it, frankly it seems to me we are going exactly in the opposite direction. The price of coal in Italy now at 100 to the dollar is about eight or ten times. and if you assume at 225 to the dollar, it is still four times the "congua-glio" price.

MIN. LA MALFA: He says that the cost of the freight is really one of the big problems because if UNRRA did not bring in coal, the cost they would pay for coal on ship side would be $20.

MR. KEENY: Of course the hope is that we won't need to bring coal from America long. You'll take $10.00 out of the price when you can bring it from England or the continent. But you can reduce it by only $10.00 and you still have an Italian internal price which is much higher than the world price. The central difficulty I see is that under this proposed consumers in Italy, which is a poor country with low earning power, would have to pay even more for the goods which are manufactured with coal, which is four or five times at least the world price. That can have only one effect on the price of living - to raise it even more in a critical time.

UNDERSEC. STORONI: What the Government had in mind when they came to think of the price for coal imported from abroad was really that they had to settle the price for coal produced in Italy. In other words, in order to put on a safe basis the companies producing coal in Sardinia or elsewhere, they had to fix the price of coal for the Bibolla coal at 3700, and the price of coal from Sardinia at 3400. It being the fact that they have fixed the price for that type of coal at so much, how, Avvocato Storoni asks, must they consider the price of coal imported from abroad?

MR.KEENY: I understand that the price is 34 and 3700 respectively at the mine? If, for example, you have 400,000 tons of coal at 2500 lire, and 100,000 tons at 3500, your average price covering at costs is still only 27, because the percentage of UNRRA coal is so high in proportion to the other. I don't see why, if less than 100,000 tons of coal cost 34 or 37, why the total for 500,000 tons needs to be 45. The total in my mathematics leads only to 27.

MIN. LA MALFA: The criterion which they would adopt is the following: that if the Treasury, by selling that coal at a higher price, gets a benefit, the fact that the Treasury takes in that benefit enables the Treasury to control all the market prices and to lower all prices because of a stronger position in regards to all the prices.

MR. KEENY: That is true only if the cost of goods sold, manufactured by the use of this coal, does not rise, but the minute that the resulting prices of the commodities which are made with the coal rise as a result of the rise in price of coal, that advantage is lost.

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MR. CLEVELAND: Just to add to that: the question seems to be between applying a deflationary technique to the price directly or applying it indirectly by trying to take currency out of circulation. The second technique has only a single effect. You take so much money out of circulation, period. Whereas in taking that currency out of circulation, you are raising the price of coal, which has a thousand and one effects along the line, the total effect of which is far more inflationary than the relatively small amount, 800 million - less than a billion lire - you can take out of circulation monthly through this device.

COL. TOOBY: I see a reflection of that thought in the Italian Government's decision to maintain the price to public utilities at 2000. It is a tacit recognition of this thought.

MIN. LA MALFA: The answer is this, that for public utility services it is possible to exercise a control which ensures that that coal is actually used for public services, while in the case of coal handed over to industry, it is never possible to control quite properly whether the low price at which that coal is given to the industry will be reflected in a lower cost of the products, and very likely the benefits will go only to the individual who gets the low prices. He insists on the advantages of the general deflation policy inasmuch as if the Treasury makes for a definite deflationary policy, it is felt in every section of the country automatically, while if low prices are only on certain articles, that is the end of the advantage. The advantage is felt only on those articles gotten through a low priced coal -- even recognizing that coal affects a lot of different kinds of products.

MR. KENNY: Ask him what happens when they start to spend the money so segregated?

MIN. LA MALFA: He points out that the Allied recommended a non-discriminatory policy on foreign trade, that is, recommended that the Italian Government not make differences in imports and exports in these countries. He would now apply the same policy internally by using a deflationary policy that benefits the whole country (through the Treasury), rather than benefiting simply those people who buy the particular commodity under consideration.

MR. KENNY: Does the argument hold true when we start to spend these lire? Ask him whether the deflationary effect doesn't end when we spend the money?

MIN. LA MALFA: His argument is briefly like this, that the Italian Government must in any case provide for certain plans of reconstruction and rehabilitation, which are indispensable because the Italian Government must provide for rebuilding of railroads, houses and other similar activities and houses, etc., and they must allocate a certain amount of money for that purpose. When they do that, of course they must get the funds from somewhere, and either they must get them from taxes, or from printing of currency (which is an inflationary policy) or they may get part of them from the fund which is allocated for rehabilitation through the sales of

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UNRRA products. If they can get more through the Treasury from that fund, that makes for a deflationary policy and that is felt generally everywhere in the country.

MR. KEENY: What assurance do they have that if they raised the price of coal the manufacturer will not pass on the price to the consumer immediately in a country which is hungry for goods?

LA MALFA: The increase will be felt, of course, by the consumer, by the purchasers of those products; but on the other hand, the advantage felt by the Treasury will be also reflected on the whole country and that would be to the advantage of all of the community. He said if the Treasury is in a better position, the Treasury has a lesser pressure or weight on the consumer, and so the general condition of the country is made easier.

MR. CLEVELAND: I think we have two different kinds of problems. There seem to have been presented two alternative methods of deflating Italian currency, (1) to keep prices down, (2) to take currency out of circulation to the extent possible. With respect to that question, it seems to me that there is something of a gap between the function of UNRRA lire account as viewed by the Government and as we have been generally looking at it. We have generally looked at the lire account neither as primarily a stabilization fund, that is a fund that you don't pay out at all, nor as a substitute for the normal taxation that the Government should be levying on its citizens and should even be increasing in such an inflationary time as this. Now, I think if we raise the price of coal, we have an immediate and measurable effect on the increase of inflation in the whole economy. What Minister La Malfa has said in effect is that this effect is offset by the amount of money taken out of circulation. We should bear in mind, I think, two things; one is that the amount of money that will be taken out of circulation by this rise in the price of coal, or even by a comparable rise in the total range of UNRRA goods, will still not be very large in terms of the treasurious hoards or currency that are in fact in the country generally and not being used on the market, but being hoarded. It won't actually take enough out of circulation to have a big effect. The second point is that even if taking that currency off the market did have an important effect, we can't consider that it is really being taken off the market because a good part of it will start being spent again for relief and rehabilitation projects, as the agreement provides. So even if it were a stabilization fund, It wouldn't be an important one; but it isn't a stabilization fund.

At this point I'd like to get back to a suggestion by which we can perhaps work this thing out so we won't be here all night. It seems to me that our best technique for developing a price for coal now is first to decide at what point we think the price of coal in Italy should be or will be, say eight months hence, because eight months hence the UNRRA supplies be virtually at an end. Now Minister La Malfa himself said in his earliest remarks that there will be a number of factors operating during those eight months to bring the price of coal down; freight costs will go down; supply costs will go down; you will start to get coal from Poland and Germany, England or other sources. It seems to me that will bring down the price

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certainly lower than $20.00; maybe considerably lower; maybe as much lower that even at "conguaglio" rate coal won't cost much more than it does now. But in any case, we should try to make a guess at that price eight months hence and then set our price now as a step in arriving at that price eight months hence. If we decide eight months hence coal should be selling at 3000 lire, as an example, it would be suicidally inflationary to set it now at 4500, because in an economy such as this, with great quantities of currency bottled, the problem of getting the price down is tremendous, while the problem of sitting on it while it goes up is a much easier thing to do. But once it is up, it is probably lost.

MIN. LA MALFA: The general problem, to put the matter in an even more general way, not to speak of coal but about everything, supposing the index for prices is now, or at the time at when the war is finished, at 100 and that we foresee that in six months' time it will go down to 60. If we adopt at present prices corresponding to the level of 100, we will go down gradually to 60 by bringing gradually into the Treasury the financial advantage which will be realized gradually as the prices go down. But if we want to establish right away the index of 60 instead of waiting for it to go down naturally, it simply means that the Treasury is going to lose the financial advantage in the sloping down of prices and that advantage will be gotten by private firms.

COL. WALKER: The price of coal at the end of eight months should be about $15.00 laid down in Italy.

MR. CLEVELAND: About 3375 at the "conguaglio" rate, assuming that the "conguaglio" rate will be the rate of exchange.

MR. SCRIVENS: From the Rhine, UK or U. S.

MIN. LA MALFA: It is all a question of the impossibility of controlling second sales. If you give coal at a lower price to an industrialist, there is no way of making sure that he will simply not adopt for his product the ordinary market price, and the last consumer would not pay the price in spite of the industrialist's having coal at lower price. For instance, he said if we were to sell tires at UNRRA prices, which are much lower than the ordinary price on the market, the first purchaser would undoubtedly get the benefit, but after a few days nothing would prevent him from re-selling at the regular market price.

MR. CLEVELAND: I don't think he has the distinction between those items where UNRRA supplies virtually the total amounts enough to glut the market and those cases like seed potatoes and tires. That is quite a different case. Obviously a few tires can't control the market, but 400,000 tons of coal can.

MR. FUGLIETTI: Fifty-one per cent of the total coal will, after all, be sold at 2600 lire, because it is sold for public services, and that is out of the question, but for the rest, forty-nine per cent of the coal will

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have to face [illegible] natural competition of all ty[illegible] of fuels which are produced in Italy and the fact of giving good imported coal at a low price to a limited number of industrialists would raise a sort of competition or race between the individual to get assignment of imported coal at low price instead of other types of coal at a higher price.

MR. CLEVELAND: It might also bring down the price of other fuels. If the coal imported from abroad were in sufficient quantity, automatically prices of all other coals would go down, but since it is not in sufficient quantity --

MR. KEENY: This we had out at the beginning because we would recommend an averaging of prices on imported coal. We'd agree on a total schedule.

MR. FUGLIETTI: He was referring to lignite also.

MR. KEENY: We had agreed to all of that. Lignite and Sardinian coal is a small part of the whole, and to set the price of a major amount by the small amount is to defeat your purpose. We would agree that there should be a single set of prices in which cheaper grades would bring cheaper prices on the market. That we stated. That should be dismissed as a problem and any price we agreed upon, if we agreed that the price should be 3500 for imported coal, the other might be 3000, whatever the figure might be. There would be no justification for selling poorer coal at a higher price. What is the total legal production?

COL. WALKER: 100,000 tons in terms of hard coal.

MR. FUGLIETTI: When they refer to locally produced fuel they do not mean only coal, but they mean also lignite and wood, which is largely used, and even nut shells, all sorts of everything that can be burned is on the market now as fuel. That would be so high in cost as to make the cost of coal very little.

MR. KEENY: May I ask whether the advice of the American and British Embassy economic advisors has been sought and what has been their reply?

GENERAL: No.

MR. KEENY: The reason I ask, since our funds are limited in time, and since loans are being asked from these countries, or will be asked, I presume that they have a very particular interest in this problem, in addition to being members of UNRRA, as a possible source of loans. It would be our desire to have a price policy which would encourage them to make loans. On my first question, before we reach a firm decision, I should feel very much firmer in making an UNRRA recommendation if I knew it was supported informally by our economic advisors. We have been asked to seek such advice on major questions of policy and should like the opportunity to do so.

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One further question. Our policy, I take it, would depend upon the probability that the official rate of the lire will be changed and if so, when. That is the question which we may not wish to discuss here, but I think we ought to have the fullest information privately as to the intention of the Government on that point before we make our decisions on major commodities, because if the rate of the lire were changed to the "conguaglio" rate some of our discussion would be academic, though even then it would be a question of policy whether it would be wise if the "conguaglio" rate were changed tomorrow whether you should move immediately to the "conguaglio" rate. The effect on prices and markets would need to be examined with the greatest care unless the representatives of the Government are prepared to say that they are not making a determined effort to hold down prices. That is the crux of the matter, whether along with the other purposes, such as getting money into the Treasury, we are also asking a determined effort to hold down prices as long as possible against the strong trend in the other direction. I say that with the greatest possible concern because in my own experience of relief work, which dates back to the end of the last war, I have been a participator, or at least a spectator, of three major currency disasters - Germany, Poland, and Soviet Russia - and the arguments which have been produced here tonight bring up many memories to me.

MIN. LA MALFA: He says that really prices on the market are higher in proportion to the "conguaglio" rate and the "conguaglio" rate has been selected not as a higher level, but really as a level lower than the prices on the market, and it acts as a brake on the prices. In fact, he said in spite of the adoption of the "conguaglio" rate, prices have not raised. Rather, most of the prices are lower than they were after the adoption of the rate.

MR. CLEVELAND: It hasn't had any effect yet. It hasn't applied to any transactions yet.

MIN. LA MALFA: He says that prices have not increased, but have diminished because at the rate of the "conguaglio", the price of textiles will be even cheaper than the actual market price and so, in other words, present prices cannot be affected by the "conguaglio" because if a man through the "conguaglio" is able to import goods, for instance textiles, those textiles he will be able to place on the market at a lower price than the actual market prices. The prices here are affected by the fact that Italy is absolutely isolated from all markets and which is suffering very severely from war damages, so these prices are so exceptionally high. At a certain point, when they come down because of the importation of goods from abroad, they will meet with the level established by the "conguaglio" rate. It will be just a meeting point between the sloping down of the prices and the level fixed.

MR. KEENY: My fear about that line of thinking is that since Italy is completely dependent on foreign markets and can get coal only with foreign credit, until that credit is established, that is wishful thinking.

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LA MALFA: He repeats his point that we must deal with reality, which are really exceptional prices. They are just what they are and if we start fixing our prices at a low level, we will simply transfer the advantage for that concession to individuals rather than to the State.

MR. KEENY: Let me state, so there will be no confusion, that UNRRA is entirely in sympathy with the desire not to let UNRRA commodities benefit only a few private individuals. As a basic policy we are together there. The contradiction I find in the discussion is the assumption that the business man is a bad man under one set of circumstances and a good man under another set of circumstances. I think you must assume, to follow the line of realism, that he will seek the maximum profit under any circumstances, including the higher-price circumstances, and that the problem is not met by any other method than putting ceiling prices on. The other is essentially playing with the problem. That's a matter which the Government must face.

MIN. LA MALFA: He says there is already an automatic ceiling which industry enforces. Coal is absorbed by industry up to a maximum price and not beyond it. The business man will pay so much and no more. If you give coal at a lower price, he will take it but in his price figures he will use the figures of the market price for his product.

MR. KEENY: I regret that I shall have to leave now, but I have been setting down several proposals with Mr. Cleveland. We have a suggestion that might continue and complete this discussion as quickly as possible.

MR. CLEVELAND: Well, there are first two or three things on which there have been agreement. First, that there should be one price level. Second, that there should not be a rise in the price of coal to Government agencies and public utilities, but the rise we aretalking about applies only to sales to industries. Third, that in order to come up with a policy decision as between the Italian Government and UNRRA, which takes into account the wishes and opinions of the countries on whom the Italian Government must depend for filling up the rest of the import program, it would be useful to consult the Embassies and have with them a part of the discussions leading to a decision on this question. In addition, we would like to propose three things. (1) that we assume that as of, say October 1, 1946, we expect and want a price of coal not more than the "conguaglio" equivalent of $15.00, that is 3375 lire.

MIN. LA MALFA: He wants to say that not only on the first of October but even now and with variations to follow every few months prices should be set which are equivalent to the "conguaglio" rate.

MR. CLEVELAND: Our second proposal is that a sub-committee be appointed between the Government and UNRRA to work out a recommended price. The third proposal, which related to Minister La Malfa's remarks, is that the terms of reference of this committee be to recommend a price at present for coal, that does not exceed the price which we expect will be the price

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on October 1, 1946.

AVV. STORONI: He would like to know if that price is established, which means that say coal from Sardinia or Ribalia will have to be paid less than the good coal coming from abroad, who is going to pay for that? Is it going to be the UNRRA fund or the Italian Government fund?

MR. CLEVELAND: It's the Italian Government in either case.

MR. KEENY: I think that is a good question. I would like the sub-committee to work on that one. Offhand, I should say if we raise the total average price enough to cover that, then the subsidy to the domestic producers should be taken from the UNRRA fund. I don't see that we can avoid that. That's my off-hand thought.

MR. CLEVELAND: It would mean adopting stabilization activities of this kind as one of the functions of the UNRRA fund.

MR. KEENY: Subject to legal opinion, I should think it would be fair to deduct it from the UNRRA fund.

COL. TOOFY: I think an immediate reservation ought to be made. Provided of course, the cost of production doesn't immediately go up in response to such a decision.

MR. KEENY: If this proposal is satisfactory, who meets when and where. On Monday? . . . . . Monday at five.

MR. KEENY: As many as are needed for the discussion and in the meantime, perhaps we can assemble additional facts to lay before this group. There are a number of matters here as to costs, etc., that should be brought forward, should be supported with additional facts, if we can, from both sides and bring together any additional technical data that will enable us to work as a technical committee. May I, as home work, suggest that all members of the Government and our own group re-read Resolution No. 7, which presents the problems that we have to face in reporting to our own bosses.

MEETING ADJOURNED AT 7:45

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5016 OB. Ec. Commn. 236

JAC/13
031130 A

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FEB 4 09[illegible]

ROUTINE

JOINT ECONOMIC COMMITTEE ROAR 13 COMES
ACTION ARMY, CITE PEGIS
INFO: ALCOM

FEB 4 1946

SECRET

SECRET

SUBJECT ARSA COAL. F ARM V FERRARESE TRIESTE HAS REQUESTED TWENTY LICENCE FOR 3000 TONS COAL VALUE 12 MILLION LIRE TO INDUSTRIA VARIE LOMBARDIA AND PIEDMONTE. BELIEVES THIS MAY BE CONNECTION WITH FOR ELECTRICAL EQUIPMENT (SIEMENS) AGAINST COAL. IN VIEW OF JUGOSLAV REFUSAL TO FURNISH REASONABLE QUANTITIES ARSA COAL TO THIS AREA IN SPITE OF ALL PREVIOUS EFFORTS, THIS COAL IS CONSIDERED HIGHLY UNDESIRABLE. PRICE IS VERY EXCESSIVE AS USUAL QUANTITY INSIGNIFICANT IN OVERALL COAL SITUATION. ARG HAS NOT YET ACCEPTATIONS WHETHER THIS INCREASE AND PRICE HAS APPROVAL OF ITALIAN GOVERNMENT. REQUEST YOUR RULING ON WHETHER THIS AN ESSENTIAL TRADE JUSTIFIABLE EITHER UNDER ZONE A VENEZIA GIULIA OR DIRECT TO ITALY, IN VIEW BREAKDOWN OF PREVIOUS NEGOTIATIONS. ALCOM INFORMED.

AC LIST

INFO/ACTION: ACOM SEC (4)

INFO : CHIEF CO MISSIONER

EX COMMISSIONER

FILE

SECRETARIAT

2429

CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Headquarters, unciphered even in Cipher without being paraphrased. (Messages marked O.T.P. need not be paraphrased).

SECRET

See M.237 & 238 T 247 - 250 & 251 - 253

See 2[illegible]

(MAJ H) 2 Feb 44

5016 a 5049

2.35

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

FROM : HQ AICOM

1 February 1946

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WAROF (LONDON) FOR SLAO SECRETARIAT AFHQ FHGEC

Ref No. : 819

UNCLASSIFIED

This is MCC 497.

Subject is RCL

1. Italian Government request allocation of 50,000 tons of coal from Yugoslavia.

2. AICOM recommend this allocation be made.

Copy to : Economic Section

Precedence : ROUTINE

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

Tel.No. : 478192

Originator's Signature : (MAJ..S.K.I. SAUL)
Deputy Director

DISTRIBUTION

ACTION DIRECTION : Econ Sec 18
(CSO (6))
(Supply Gr.)
(Program Br.)
(Requisition Br.IC)

2426

ADVANCE COPIES TO: Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tn SC 2

INFO : Chief Commissioner
Exec Comm 2
CC BR EMB
CA US EMB
WSA Rome
MWTR
File

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CA US EMB
WSA Rome
MGTR
File

seen on file 4049/EC

PA 2/2

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

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5016

234

HQ ALCOM

1 FEB 1945

(1) ACWAR FOR OCS FOR CCAC FOR CLAC

(2) WARCOF (LONDON) FOR SLAC SECRETARIAT
(3) AFHQ FOR FHGEC

UNCLASSIFIED

319

THIS IS MOC 497 SUBJECT IS RCL

PARA ONE PD ITALIAN GOVERNMENT REQUEST ALLOCATION OF FIFTY

THOUSAND TONS OF COAL FROM YUGOSLAVIA PD

PARA TWO PD ALCOM RECOMMEND THIS ALLOCATION BE MADE PD

Copy to: Economic Section

Routine

Commerce (Foreign Trade) Sub-Commission

478192

G.J. LEONE
CWO, USA
Asst. Adjutant

S.K.I. Saul, Major, R.A.
Deputy Director.

2427

Copy to CC

PA spkk 4-12

(FIA) H spkk 2/2/44

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

232

2a 1195 January 46

ANZ U.S.A. ALOXI

(1) G [illegible] RESIDENT PER JUDKINS

(2) (S) RELAY OSRD OFFICES PER MARKER

[illegible] UNCLASSIFIED

PARA ONE SO GREAT ELABORATION WORK UNDER TECHNICAL CONTROL AREA HAS BEEN DELETING USE OF TWO TWO SECRET DETAILED COAL ALGORITHMS IN A NON-ESSENTIALS OF SECRETIVE AND PROHIBITIVE SO

PARA TWO SO MAJOR FACTORS CONSTITUTE MAXIMUM COAL DEVELOPMENT WAR EFFORTS OF TWO THESE ALGORITHMS WORK SECRET, AND ITS NEED REVISED TO MAXIMUM EFFECTIVE AND AIRLINE SO

PARA THREE SO MAXIMUM COAL STOCKS AVAILABLE AND SECRET AUTHORIZATIONS AND RECOMMENDED SECRET BUILDING TO AVOID SERIOUS HARDSHIP SO

See 229

2426
Pt 4/2

Office of Origin [illegible] COAL DIVISION - Div. A Tit. A/3

X [illegible] Precedence (1) SECRETX (2) ROUTINE

Sprtt 30/1/46 327

Cable Ltr. or Memo

O.J. [illegible]
CFO DEA
Adjo. auto

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

5016 E.C. Executive Commissioner 231.

HEADQUARTERS ALLIED COMMISSION
INDUSTRY AND UTILITIES SUB COMMISSION
FUELS DEPARTMENT
COAL DIVISION
APO 595

Tel : 303 PWO/vb

Ref : AC/CD/136.5/I. & U. 26 January 1946

JAN 28 1946

Subject : Coal for Civilian Hospitals.

To : Italian Ministry of Industry and Commerce.

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1. Attached is copy of cable received through channels from American Consulate General in Genoa.

2. This matter was dealt with by Major R.T. Harris, our representative in Northern Italy, at the time the telegram was originated.

H.M. WALKER
Colonel
Coal Division.

Copy to :-
— Executive Commissioner. —

1 Incl.:-
copy cable from
Prefetto Carboni Genoa.

see 5 216-220

2425

(Main H) spekk 29/1/46

P/X spekk.

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

5016 / 50 230

USA 61931
2216202

C/7583
JAN 24 1115A
PRIORITY

JAN 25 1946

ECO/ C/110 FROM ECO
ALCOS ROME
INFO: BRITISH EMBASSY ROME

RESTRICTED.

REFERENCE YOUR REQUEST ITALIAN GOVERNMENT HAVE BEEN INVITED BY REPRESENTATIVES OF EUROPEAN COAL ORGANIZATION. EUROPEAN COAL ORGANIZATION WITH FULL AGREEMENT OF/US GOVERNMENTS NOW DECIDED ITALY AMONG OTHERS TO BE REGARDED AS ASSOCIATED COUNTRY IN RELATION TO ECO AND THAT ITALIAN GOVERNMENT BE INVITED TO SEND REPRESENTATIVE TO ATTEND ALLOCATION MEETINGS OF ECO FOR PURPOSE PRESENTING ITALIAN REQUIREMENTS IN CONJUNCTION WITH UNRRA REQUIREMENTS.

DECISION IN PARA 2 ASSUMES YOUR REQUEST MADE ON BEHALF OF ITALIAN GOVERNMENT AND LATTER WILLING UNDERTAKE TO SEND ECO FORMULAE WITH ALL RELEVANT INFORMATION ON ITALIAN COAL SITUATION IN SAME WAY AS MEMBERS AND OTHER ASSOCIATE COUNTRIES.

PLEASE CONVEY INVITATION TO ITALIAN AUTHORITIES AND OBTAIN UNDERTAKING IN PARA 3 AND SEND US REPRESENTATIVE.

NEXT ALLOCATIONS MEETING MINISTRY FUEL AND POWER LONDON JANUARY 29. 1030 HOURS.

AS DATE

ACTION: ECON SEC 4

INFO: OTHER CORRESPONDENCE

AA CORR 2

FILE 2

FLASH

See 212

2424
PA Staff

BRANCH
24 JAN 1946
C.

(MIB) H

Staff 25/1/46

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

5016 229 Ex Rome

PR/ADM/1
JAN 221545 A

G/7851
JAN 230915

IMPORTANT

G PIEMONTE REGION AMG SIGNED JORDAN
ALCOM (COAL SECTION) COPY TO INDUSTRY SUB COMMISSION EXECUTIVE
COMMISSIONER

JAN 24 1946

UNCLASSIFIED.

Fiat Plant, Torino, biggest employer of labour, about 60.000, faces a total shut down on account of no coal. Ministry of Industry at Rome reports no allotment of coal available for this plant, due to reduced imports. Request strongest action by Allied Commission in cooperation with Ministry of Industry, to make available 10.000 tons per months in order to keep plant in operation. Total shut down of Fiat would have serious political and economic effects. 9 days supply of coal now on hand. Waiting reply for action taken..

AC DIST.

ACTION: INDUSTRY & UTIL SC 2

INFO: CHIEF COMMISSIONER
EXEC COMM
ECON SEC 2
FILE 2
FLOAT

HEADQUARTERS
23 JAN 1946

2423

See 232

Skeet 24/1/46

(RUSH)

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

501b 48/

227

RESTRICTED RESTRICTED

HEADQUARTERS ALLIED COMMISSION

MOC AIRGRAM 139: 20 January 1946

TO : Combined Civil Affairs Committee
(for Combined Liberated Areas Committee)
30-866 Pentagon Building
WASHINGTON, D.C. (15 cys)

SUBJECT : Italian YB Coal Program - November 1945.

1. Attached Report shows imports and distribution of coal loaded in United States during October and shipped against the Italian YB Coal Program for November 1945.

For the Chief Commissioner :

HARLAN CLEVELAND
Acting Vice-President
Economic Section

Enclosure:
Coal shipment against Italian
YB program for November 1945.

DISTRIBUTION

The Directorate of Civil Affairs War Office, Whitehall, London S.W.I.	15 cys
AFHQ G-5, APO 512	5 cys
Br. EMBASSY, ROME	5 "
AM. EMBASSY, ROME	5 "

ALLIED COMMISSION:

Industry & Ut. S/C	10 cys
Economic Section	10 "
Requisition Branch	4 "
Chief Commissioner	1 "
Executive Commissioner	1 " ✓

See M. 22422

(2423 H)

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

COAL SHIPMENTS AGAINST ITALIAN YE PROGRAM FOR NOVEMBER 194[illegible]

(All figures in Long Tons) (00

No.	VESSEL	LOADED	PORT OF DISCHARGE	DATE DISCH. COMPLETED	ALLOTTED TO:- CIVIL Elect.	Gas	Ind.	MILITARY U.K.	U.S.	Railways	Venezia Giulia	Medloc	TOTAL
101	Edward E. Spafford	Baltim.	Savona	1 Nov. 1945			8235						82
122	R.J. Reynolds	Phila.	"	8 " "	285	824	7245						92
78	Roda Seam	Pensaco.	Genoa	9 " "	120	1127	7005	30		932			50
79	Linton Seam	"	"	20 " "				1205		808		394	[illegible]
87	Jewel Seam	Mobile	"	24 " "			9649						[illegible]
88	La Salle Seam	"	"	23 " "			9772						[illegible]
86	Chilton Seam	"	"	2 Dec. "			9694						[illegible]
85	Vernon L. Kellogg	"	"	18 " "		4974	611			2540			[illegible]
96	George Ade	Baltim.	)Bagnoli	28 Oct. "		857	2358						[illegible]
			(Cvecchia	4 Nov. "		4620	510						[illegible]
114	Opale	"	)Palermo	15 " "	1550	570	20			220			[illegible]
			(Catania	26 " "	853	154		100		325			[illegible]
89	Philip C. Shera	Mobile	)Bari	28 " "		895	776	321		2275			[illegible]
			(Ancona	4 Dec. "			993	833		2137			[illegible]
77	John Marshall	Pensaco.	Venice	22 Nov. "			7411		840				[illegible]
99	Elijah Kellogg	Balti.	"	29 " "			8350						[illegible]
97	Royal S. Copeland	"	"	1 Dec. "			5478	3027					[illegible]
98	Stephen Furdeck	"	(Tricste	1 " "				2500			5840		[illegible]
			)Venice										
					2808	14021	78107	8016	840	21407	5840	394	134

Total Bid (Civil) 420,000 (excluded Venezia Giulia)
Total Set up 420,000
Total shipped and received 131,433
Shortfall 288,567

T2526

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

COAL SHIPMENTS AGAINST ITALIAN YE PROGRAM FOR NOVEMBER 194-

(October loadings)

(Tons)

L	LOADED	PORT OF DISCHARGE	DATE DISCH. COMPLETED	ALLOTTED TO :- CIVIL Elect.	Gas	Ind.	MILITARY U.K.	U.S.	Rail-ways	Venezia Giulia	Medloc	TOTAL	E/L
ford	Baltim.	Savona	Nov. 1945			8235						8235	8235
	Phila.	"	8 " "	285	824	7245						8354	3354
	Pensaco.	Genoa	9 " "	120	1127	7005	30		932			9214	9214
	"	"	20 " "				1205		808		394	9686	9686
	Mobile	"	24 " "			9649						9649	9649
	"	"	23 " "			9772						9772	9772
	"	"	2 Dec. "			9694						9694	9694
Logg	"	"	18 " "		4974	611			2540			8125	8125
	Baltim.	)Bagnoli	28 Oct. "		857	2358						3215	8345
		(Cvecchia	4 Nov. "		4620	510						5130	
	"	)Palermo	15 " "	1550	570	20			220			5341	8683
		(Catania	28 " "	853	154		100		325			5342	
	Mobile	)Bari	28 " "		895	776	321		2275			4267	8230
ra		(Ancona	4 Dec. "			993	833		2137			3963	
	Pensaco.	Venice	22 Nov. "			7411		840				8251	8251
	Balti.	"	29 " "			8350						8350	8350
g	"	"	1 Dec. "			5478	3027					8505	8505
land	"	(Tricste	1 " "				2500			5840		8340	8340
ok		)Venice											
				2808	14021	78107	8016	840	21407	5840	394	131433	131433

vil) 420,000 (excluded Venezia Giulia)
420,000

and
131,433
288,567

T2557

326

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

40149 1 5016 40

225

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

JAN 18 1946

FROM : HQ ALCOM 17 January 1946.

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WASH DC (LONDON) FOR CABINET SECRETARIAT AFHQ FHGEG

Ref.No: 325 UNCLASSIFIED

This is MOG 472.

1. Subject is coal requirements Italy/Sicily period March/July. Request Cabinet Secretariat pass to UK and US members of ECO for information. Request CCS pass to CLAC and FA...

2. US military requirements are included for information only and have been agreed with CG MTOUSA by whom formal requisition will be made.

3. British military requirements agreed with GHQ, CMF ACTION TROOPERS.

4. Civil requirements Venezia Giulia/Udine included for info only. Formal requisition has been made by AFHQ to CCAC.

5. These requirements should be regarded as firm for March lift. Subsequent months subject to revision.

6. All tables read

A Type of coal
B British Military requirements
C US Military requirements
D Civil requirements excluding Venezia Giulia/Udine to be furnished from UNRRA funds
E Civil requirements excluding Venezia Giulia/Udine to be furnished from other sources
F Civil requirements Venezia Giulia/Udine
G Total.

2420

All in thousand of tons.

(Maj. H). 14/1/46

PA 19/1

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

7. March lift for April arrival.

A	B	C	D	E	F	G
Locomotive	35	8.5	94.5			138
Steam			254.5	55	12.8	322.3
Coking coal			70	20		90
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	35	8.5	550	100	17.8	711.3

March loco includes 15 for British and 3 for US miscellaneous military uses.

8. April lift for May arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	116	10		165
Steam			275	30	12.8	345.8
Coking coal			80	20		100
Producers Gas			50	20		70
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	650	125	17.8	781.8

April loco includes 13 for British and 24 for US miscellaneous military uses.

9. May lift for June arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	126			165
Steam			303	40	12.8	355.8
Coking coal			80	10		100
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	650	75	17.8	781.8

May loco includes 13 for British and 2 for US miscellaneous Military uses.

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

10. June lift for July arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	126	30		195
Steam			353	50	12.8	395.8
Coking coal			110	20		130
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	700	125	17.8	881.8

June loco includes 13 for British and 2 for US miscellaneous military uses.

11. July lift for August arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	96	60		195
Steam			243	140	12.8	395.8
Coking coal			90	40		130
Producers Gas			40	20		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	550	275	17.8	881.8

July loco includes 13 for British and 2 for US miscellaneous Military uses.

Precedence :Priority
Office of origin:Industry & Utilities S/c Coal Division
Tel.No. :332
Originator's Signature : Col.H.M. PARKER

2419

DISTRIBUTION

ACTION DIRECTION:
Econ Sec 18
(CsO (c))
(Supply Gr.)
(Prog Sec)
(Requisition Sec.12)

ADVANCE COPIES TO:
Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tn SC 2

INFO:
Chief Commissioner
Exec Comm 2
CC Sh EMB
C., US EMB
MSA Rome
MwTR
File

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

5016 Ad

223

HEADQUARTERS
LIGURIA REGION
ALLIED MILITARY GOVERNMENT
A.P.O. 394

8 October 1945
JGS/DO/23

166 Vol II

Dear Brigadier,

Reference your 5016/EC dated 29 September 1945.

I have replied officially to your letter about coal distribution. I have been into the matter very fully, and it seems that the whole thing has been rather exaggerated.

Evans came to see me about it when he was here and I, of course, was not then fully in possession of all the facts.

I would like to stress the fact that no blame whatever should be attached to my Industry Officer, Major Wilson, or to any of the Provincial Industry Officers acting under his orders.

An allotment has recently been made for the production of metallurgical coke in the Ansaldo works here, but it does not appear that any thought was given as to the distribution of the gas resulting therefrom. It has been arranged for it to be diverted into the local gas main, thereby making a supply of gas available for some 30,000 people in the poorest and most difficult part of the town. I hope that that is not considered naughty too.

Yours sincerely
Geoffrey Lloyd.

Brigadier M.S. Lush, C.B.E., M.C.
Executive Commissioner
Headquarters, Allied Commission

2413
TA/J.J. 17.

(250)

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

5016 GH

Ex Commr

221

ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref. 43/3.20

RJB/eg

11 January 1946

JAN 11 1946

SUBJECT: European Coal Organization

TO: Ministry of Foreign Affairs
Italian Government
ROME

212

1. Reference your 6/5119/5223 of 15th December 1945.

2. The meetings of the European Coal Organization on 4 and 6 December 1945 were attended by Col. H. M. Walker, Chief of the Coal Division this Headquarters. Dr. Ivan M. Lombardo, Under-Secretary for the Ministry of Industry and Commerce, arrived in London on 5th December, one day too late to attend the Allocation Proposals Committee meeting on 4th December. He did attend the Council meeting on 6th December.

3. In regard to future meetings of European Coal Organization it is understood that Dr. Mastracinque has been nominated by the Ministries of Transport and of Commerce and Industry to be attached to the Italian Embassy in London to look after the Italian interests. The arrangement we think is sound.

4. In connection with the January meeting of the ECO this headquarters has sent Mr. R. A. Scriven, who will also act as an advisor to UNRRA at the meeting of the Allocations Proposals Committee. Dr. I. M. Lombardo was to have been sent as representative of the Italian Government, but as you may know he was unable to attend. Mr. Scriven was then asked to discuss with the Italian Embassy in London the question of another representative, if such was thought necessary.

166

NR

5. Further reference is made to your letter 44/20135/35 of 21 September addressed to Admiral Stone, to his interim reply thereto of 30 September, concerning Italian representation on the Emergency Economic Committee for Europe, and to your letter 5/1739 of 5 October on the subject of the Agricultural Conference in Brussels. With respect to the general issues presented on the question of Italian Government membership or representation on the various European Committees (ECE, ECO and European Central Inland Transport Organization), it is felt that definite and continuing progress has been made since as you know Italian technical advisors have been invited to attend various meetings.

217

6. For your further information, please be advised that the Allied Commission has recommended to the United States and British Embassies in Rome that the Italian Government should be given full membership on ECE, ECO, and EUCITO as soon as possible, and that meanwhile your Government be afforded full opportunities of representation by non-member observers and technical advisors, as appropriate.

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice President

See M.222
F 249

CMAJ HJ

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

229

Ref: 5016/220/50.

14 January 1946.

SUBJECT: Coal.

TO : Economic Section.

Reference the attached correspondence, this is passed to you for appropriate action.

F. H. McCLEARY

Lt. Colonel,
Acting Executive Commissioner.

Encls.

See S 231

Bull
27/4/15

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

5016 AD

219

8 January 1946.

JAN 10 1946

213

My dear Mr. Ambassador:

Thank you for your letter of 5 January in which you enclosed a copy of a letter from the American Consul General at Genoa concerning the petition recently made by Italian officials in Genoa to the Allied Commission for a larger allottment of coal for civilian hospitals in Liguria.

Sincerely yours,

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

H.E. Hon. Alexander Kirk,
American Ambassador,
Via Veneto 119,
Rome.

See F220

PA 11/1 R

2417

CC Ex Come
Econ Sec
Civil Affairs Sec

Action Econ Sec.

(MA H)

Sprks 11/1/46

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

218

COPY.

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

ROME. 5 January 1946.

My dear Admiral,

I am enclosing for your information a copy of a letter from the American Consul General at Genoa expressing his sympathy with a petition recently made by Italian officials in Genoa to the Allied Commission for a larger allotment of coal for civilian hospitals in Liguria.

Sincerely yours,

(sgd) A. Kirk.

Enclosure.

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

2413

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

217

COPY

814.3 - LLS;td

American Consulate General
Genoa. December 19, 1945.

The Honorable Alexander C. Kirk,
United States Representative,
Advisory Council for Italy,
American Embassy,
Rome.

Sir:

The enclosed telegram requesting a larger allotment of coal for civilian hospitals in Liguria has been signed by the Governor of the Province of Genoa, the Mayor of this city, the President of the Chamber of Commerce, the Commissioner of Genoa Civilian Hospitals and the Vice President of the Association of Coal Dealers and sent to the Ministry of Industry and Commerce as well as to the Allied Commission in Rome.

I am fully in sympathy with the petition and believe that the small quantity of coal needed could not be better employed than for the purpose stated.

Any support that can be given the petition will be greatly appreciated.

Respectfully yours,

(sgd) Lester L. Schnare.
American Consul General.

2412

Enclosure:
Copy of telegram
as mentioned above.

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

216

COPY

ALCOM FOR INFO AGCOL

ROME

PRESENT LIMITED ALLOCATION CIVILIAN HOSPITALS DONT ALLOW NOT ONLY VERY REDUCED HEATING BUT NOT EVEN REGULAR NECESSARY SERVICES FOR OPERATIONS STERILISATIONS ETC STOP PAINFULLY STRUCK SERIOUS CONSEQUENCES AND DANGER PUBLIC HEALTH RECOMMENDATION KIND INTERVENTION TO IMPROVE TRAGIC POSITION HOSPITALS USING WINTER EMERGENCY RESERVES OR ANY OTHER MEANS STOP ESTIMATE NECESSARY INCREASE AT LEAST FIFTY PER CENT PRESENT ALLOCATIONS DISREGARDING HEATING SERVICES WHICH SHOULD REQUIRE EVEN HIGHER INCREASES STOP RELYING YOUR AID THANKS

PRETETTO MARTINO
SINDACO FARLI
CAMERA COMMERCIO MANZITTI
SPEDALI CIVILI ALBITES
AGECARBONI MATTEUCCI

2411

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

MILITARY GOVERNMENT ALLIED SECTION

5016. 10

2/15

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: Sardinian Coal.

1. The Italian Embassy in Washington reports that, owing to miners' strikes, the U.S. coal deliveries to Italy will be greatly curtailed during the next month. Upon advice of the American Authorities the Embassy suggests to possibly utilise the Sardinian coal stocks.

2. It has been ascertained that about 70.000 tons of coal are ready for shipment at S.Antioco (Sardinia) for the lifting of which only ships up to 6000 tons can be employed, the S. Antioco harbour facilities preventing the use of larger vessels.

3. The Italian Authorities have repeatedly unsuccessfully pleaded for the release from the pool of such ships.

4. In consideration of the severe repercussions which the shortage of coal could have on the Italian industry, the Ministry for Foreign Affairs should be grateful to the Allied Commission if they would kindly make representations to possibly convince the U.S. Authorities not to decrease the present level of their coal exports to Italy, recommending at the same time to the competent Allied Authorities that a sufficient number of suitable colliers be released from the pool to ship the Sardinian coal to Italy.

Rome, January 7th, 1946.

4 Liberties authorized to make trips between Sardinia & mainland. SPAA

Ex. Com's DISTRIBUTION.

JAN 9 1946

ACTION - ECON. SEC (TAYN S/C)
INFO - C. COM.
Ex. COM.

2420

SPAA 9/1/46

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

5016

RESTRICTED

Ey. Comm.
214

FX57303
280958A

G/6335
DEC 281700
ROUTINE

DEC 28 1945

MTOUSA CITE NAGDS SIGNED COMGENMED
PBS ROME AREA COMMAND INFO ALCOM US EMBASSY ROME

RESTRICTED

In confirmation verbal instructions from G-4 MTOUSA, heating coal for state department offices and billets can be requisitioned temporarily from U S military stocks by U S Embassy, Rome. This exception to supply directive number 79, 1945 (MTOUSA) granted until coal can be imported on yoke tare project for such use. Requisitioning and payment should be accomplished between U S Embassy and US procurement and contracting officer, Rome Area Command RAC to obtain replenishment of said coal from PBS

AC DIST

INFO ACTION: INDUSTRY & UTIL S/C (FUEL DIV)
INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER
ECON SEC 2
ESTAB SEC
FILE 2
FLOAT

2409

RESTRICTED

SPAA 29/12/45

(MAJ H)

PA 31/12

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

DUPLICATE

5016

(12)

Ministero degli Affari Esteri

DEC 17

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: "European Coal Organization".

1. Reference is made to the Allied Commission's note FS/15.12/0, of 12 September 1945.

2. It has been reported to this Ministry that during the last meeting of the European Coal Organization, the presence of Italian Delegates in the future meetings of the organization has been discussed.

3. As it is known, col Evans, of the Allied Commission, attended the last meeting of the a/n organization, and the Ministry for Foreign Affairs would appreciate it greatly if the Allied Commission could let them known what decisions have been taken as to the possibility of Italy being represented by her own delegates to said organization.

Rome, December 15th, 1945

2408

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

TRANSLATION 5016 40

211

HEADQUARTERS ALLIED COMMISSION
Industry and Utilities Sub Commission
Fuels Department
Coal Division
APO 394

Tel : 427

RHHB/bv

Ref : AC/CD/136/I&U

13 December 1945

Subject : Allocation of coal.

To : "Sagitta" - Milan.

197

We are directed to acknowledge receipt of your letter dated 31 October addressed to Admiral Ellery Stone.

Since this Headquarters is not performing single allocations of coal, we have passed your letter to the Ministry of Industry and Commerce of Rome.

Therefore, please, arrange for the forwarding in the future of all correspondence on the above subject to the Ministry of Industry and Commerce - Mining and Industry Department - Coal Office - Via Flavia, Rome.

H.M. WALKER
Colonel
Coal Division

Copy to :

Chief Commissioner
Executive Commissioner
Economic Section.

250.

Stat. 17/2/45

(MOD II)

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

210.

HEADQUARTERS ALLIED COMMISSION
INDUSTRY AND UTILITIES SUB COMMISSION
FUELS DEPARTMENT
COAL DIVISION
APO 394

Tel : 427 RHHB/bv

Ref : AC/CD/136/I.& U. 13 December 1945

Oggetto : Assegnazioni di carbone.

Alla SAGITTA - Milano.

Desideriamo accusare ricevuta della Vostra lettera in data 31 Ottobre indirizzata all'Ammiraglio Ellery Stone.

Dato che questo Quartiere Generale non si interessa delle singole assegnazioni di carbone abbiamo passata la Vostra lettera al Ministero dell'Industria e Commercio, Roma.

Tutta la corrispondenza riguardante le suddette assegnazioni dovra' essere inviata da Voi al Ministero dell'Industria e Commercio - Direzione Generale Industria e Miniere - Ufficio Carboni - Via Flavia, Roma.

H. B. WALKER
Colonel
Coal Division.

Copy to :
Chief Commissioner
Executive Commissioner
Economic Section.

2403

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

5016

2094

27 November 1945.

NOV 27 1945

My dear Mr. Murray:

I can sympathize with your feeling that you were given a "run-around" on the coal story which appeared in the Italian press on the 22nd, but I assure you that this was not intentional. The difficulty arose largely because of divided responsibility. As you know, AC did issue the statement on the 25th.

The Allied Commission would be going beyond its powers in providing alleged "facts" on a case now under investigation by the appropriate police authorities. The reference to police authorities was made on our part in good faith; if the Italian police and the Allied Provost Marshal are unwilling to say any more at this time it may be assumed that their investigations have not reached a point where they have any "legitimate news" to release.

I must ask you to accept my assurance of AC's good faith in this matter even though circumstances prevented our giving the press the "break" which I know, as correspondents, you feel you are entitled to.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. J. Edw. Murray,
United Press Associations,
Via della Mercede 54,
Rome.

2404

PA
28/11

c c Ey Com

WSS 5) ans 28/11

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

1 & 5016 80. Exec Comm 206

INCOMING MESSAGE

Originator's Reference

Date/Time of origin NOV 162330 SA

Message Centre No G/3811

Date/Time of Origin NOV 171400

Precedence ROUTINE

NOV 19 1945

FROM THEATER SERVICES FORCES (MAIN) SIGNED LEE CITE SOGDS

TO AFHQ INF: TO ALCOM (AFHQ RADIO PLEASE PASS)

193

RESTRICTED.

Subject coal for ITALY. Reference FX 52641, 10 November 1945.

Conference LONDON regarding expediting coal deliveries to ITALY agreed following: 1. Delivery some coal from RUHR to ITALY be arranged if possible as ITALY expected to furnish rail wagons and locomotive (nonavailability rolling stock precludes this movement). 2. Arrangements made for november loadings c UNITED STATES to ITALY in excess of allocations with possibility that November and December loadings make up November arrival shortfall. 3. Priority requested to relieve situation. 4. Considereing action taken and as loadings resumed 1 November diversion of BELGIUM civil program ships not favored.

see M 207.

AC DIST

INFO ACTION IND & U. SC 2
INFO CHIEF COMMISSIONER
EX.COM 2
ECON SEC 4
REQUIS BR 10
C.C.BR EMB
C.CUS EMB
TN SC 2
FINANCE SC
FILE 2
FLOAT

2403

HEADQUARTERS 10 NOV 1945 A.F. A.C.

PA 20/11

(CAPT CRAYCROOKE)

5016

I C O M I N G M E S S A G E

2054

Originator's Reference — Message Centre G/3745

Date/Time of Origin 131425 B — Date Time Rec'd Nov 170845

Precedence ROUTINE

NOV 19 1945

FROM: AFHQ

TO: BERCOMB TO TROOPERS, INFO: USFET ETOUSA ALCOM AFHQ (PASS to ALCOM) ANGUS 167 FOR CCLB.

RESTRICTED.

1. My immediately following telegram is paraphrased repition of message no FX 51066 timed 302004 A. We would comment as follows:

(A) The standard of industrial production envisaged in Italy seems to be much higher than is possible here. Coal emergency is such that we cannot admit possibility of unemployment as consideration to be taken into account. We are consuming negligible amounts of coal for cement and brickmaking and there is virtually no textile production. Domestic heating for civil population has been ruled out. We suggest therefore that claim for an additional 200,000 tons cannot be admitted to whole.

(B) If it decided to send any coal ex Germany to ITALY it would be treated as andexport and paid for in dollars.

2. We are at present unable to move all the coal raised in the RUHR and problem is therefore one of trasport. There are 2 possible ways of getting coal from RUHR to ITALY:

(A) By rail movement southward through American zone.

(B) By diversion of eco coal now loading at RHINE ports for export by sea to liberated countries.

2462

3. Suc regards 2 (A) there is serious coal famine in American zone due to short fall in deliveries in September and October, and We are obliged to use all trasportation facilities available southwards to relieve this shortage and to maintain essential supplies to AUSTRIA. Any attempt to carry heavier loads on trasport available would projudice these supplies, even if additio-

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

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2462

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4. Our views herefore is that alternative 2 (B) is only practicable means of trasporting coal from RUHR. It must however be un-

see M 207

HEADQUARTERS

(CAPT BRAYBROOKE)

Declassified E.O. 12356 Section 3.3/NND No. 783017

derstood that this coal can only be moved down the RHINE at the expense of coal at present being moved for the liberated countries and not in excess of it.

5. Third possibility might be to export coal now at sea ex U S A (USA) for BELGIUM to ITALY. If this were done however it should not be able to increase our shipments to belgium to compensate until locos and rolling stock could be provided from ITALY which we estimate would take 2-3 weeks. I must emphasise that coal situation in western zone of GERMANY is very critical and that limiting factor is lack of transport.

AC DIST

ACTION ECONOMIC SEC 2
INFO CHIEF COMMISSIONER
EX COMM
TRANSPORT SC 2
COAL DIV
INDUSTRY SC 2
FILE 2
FLOAT

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

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

5016 ½

203

Ref: Your C/228

16 November 1945

NOV 16 1945

202

My dear General: 195

I was very glad to receive your letter of 9 November in reply to mine of 31 October on the subject of the provision of coal for civilian consumption in Italy.

I appreciate very much the efforts you have made to secure German coal to meet Italian civil needs. While I understand that transportation difficulties have made it impossible to arrange for immediate shipments of coal from the Ruhr, I have asked my staff to continue to make every effort to conclude arrangements along this line. Although coal loadings from the United States are now picking up again, shipments of such large quantities across the Atlantic are both expensive and uneconomical; therefore we are anxious to tap the German resources as soon as possible.

Incidentally, I am assured that recent surveys indicate sufficient port capacity to handle the increasingly large intake of United States coal.

Your prompt action to help us get over this difficult period is appreciated. I am grateful for your assurance of continued support.

Sincerely,

Tel Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Lt General Sir William D. Morgan
K.C.B., D.S.O., M.C.
Supreme Allied Commander, Mediterranean Theater
C.M.F.

2461

PA 19/11

(CAPT CRAYBROOKE) eAB 19/11

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

COPY

202

ALLIED FORCE HEADQUARTERS
Office of the Supreme Allied Commander
C.M.F.

C/228.

9th November, 1945.

My dear Admiral, - 195

I must apologise for the delay in answering your letter of 31st October on the subject of the provision of coal for civilian consumption in Italy.

Your suggestion was that I should draw the attention of the Combined Chiefs of Staff to the gravity of the situation. It seemed to me, however, that I could add nothing to the telegram which the Combined Chiefs had already received from you, and that I could help more effectively by attempting to tap the resources of the Ruhr. Accordingly, telegrams were sent to the Allied Control Commission in Germany, and I understand that their reaction has been favourable and that substantial help from that source may materialise.

I am also very glad to hear that the loadings in America subsequent to the month of October are expected to be such as to pick up a large amount of the backlog, though I appreciate that there may be difficulties in handling this very large intake. My Staff are watching the situation, and will do everything they can to assist.

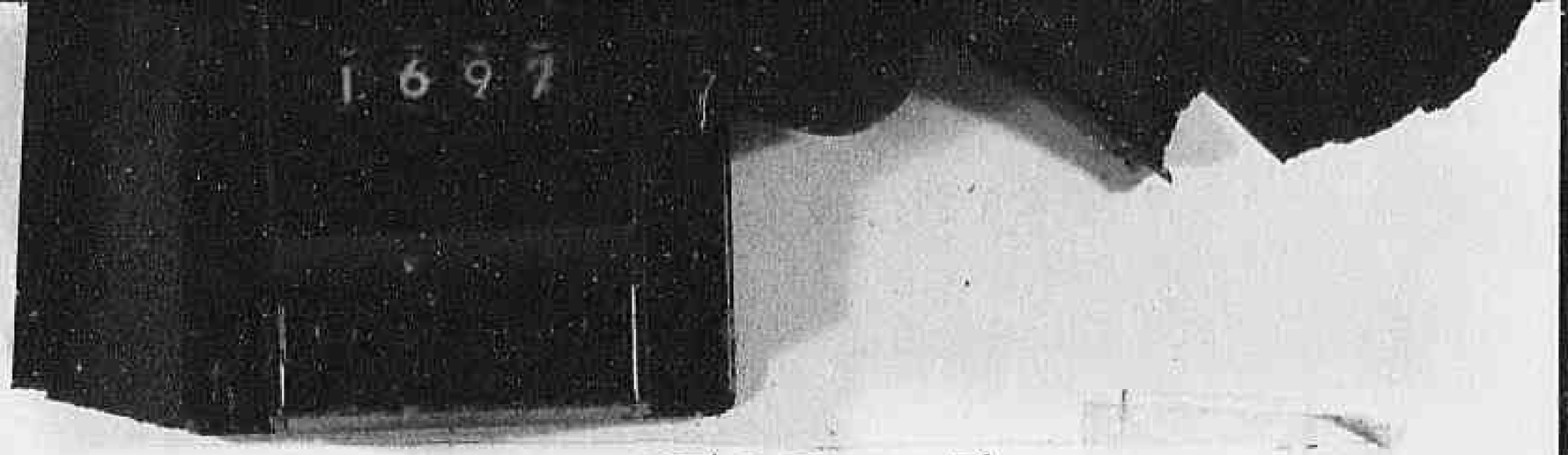
Yours sincerely,

/s/ W. MORGAN

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

Sec 203

216



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

ACC

10000/104/955
(VOL. III)

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

10000/104/955
(VOL. III)

COAL
NOV. 1945 - SEPT. 1946

CSO, H.J. 2215

There is nothing to indicate that the C C has seen the letter at 278. In any event, it is now too late.

W.J. 2/6.

CSO, H.J. 616

Letter at f. 283 with reference to allotment of Sardinian Coal may be of interest to the E C.

W.J. 6/6.

289.

CSO Ex Comm

Please see folio 288 for info

WJ-C 7/9

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

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

Ex Comm.
C.S.O. Folio ~~29~~ 260 for your attention.

~~29~~ 261

Jnl. 113. Staff 25/3/46

A/VP Econ Sec.

P27. Any comment? DS/113

~~30~~ 262

Industries - Utilities S/C
(Fuel Dept) attn: Col Walker

1. Ref. Folio ~~29~~ 259. Your comments are requested.

T.D. Mayor, Capt
Econ. Sect.

263
~~31~~

A/VP Econ. Sec. 4/3/46

This is the Plan for supply of Coal to British Forces and relieves AC of all responsibility in that connection. Major Jones of Coal Div. will act as GHQ Coal Rep until his release date about one month hence. This in addition to his other duties.

H. Mewburn Col
Asst. & St. Sec.

264

TO: Executive Commissioner

1. Please note minute ~~28~~ 263. I have no further comments.
2. Your m 29 refers. 261

Staff 5/3/46 Jnl. 613.

DS/113

CHARLES W. WALTON
Colonel A.C.
Acting Vice President

279

C.S.O. Ex Comm.
Folio 278 for ~~Dr C~~ your attention.

WD 11/5. Jnl. 13/5

(Fuel Dept) attn: Col Walker

1. Ref. Folio 263. Your comments are requested.

T.D. Mayor, Capt
Econ. Sect.

263
37

A/VP Econ. Sec. 4/3/46

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H. Mewburn Col
Chief of St. Br.

264

TO: Executive Commissioner

1. Please note minute 263. I have no further comments.
2. Your m 29 refers.

261
S/M 5/3/46 Jrs. 613.

TM/7/3

CWW
CHARLES W. MILTON
Colonel A.C.
Acting Vice President

279

Exec Comm. for
Folio 278 for ~~dec~~ your attention.

WSJ 11/5. Jrs. 13/5

V.P. Econ Sec. 280

I agree that refrecalation of A.C. is not necessary or desirable.

281 M.S/14/5.
Initld CWW 16/5

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

Minute # 252

TO: Acting Vice President

Attached letter for signature of the Chief Commissioner is the result of coordination of views of Coal Division and Foreign Trade on this matter, and is submitted thru your office for signature of the CC.

Charles W. Walton
CHARLES W. WALTON
Colonel, AC
Chief, Supply Group

25 February 1946

253.

TO: Chief Commissioner
(Through: Executive Commissioner)

Attached letter submitted for signature. (See m.250).

Harla Cleveland
HARLAN CLEVELAND
Acting Vice-President
Economic Section

Signed Letter. Sent 26/2/46 M.S. 2612

26 Feb 46

466

2414

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

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

Dr Comm:

246

C&O. Reference Min 238. Col Walker was consulted and his views on folio 2BL are that we cannot object to the coal entering Italy but should on the price which is 4,000 lire/ton. The Italian govt has been informed.

Also please see f 237-246 for info.

H.L. 9/2. 8/24/46

250

V.P. Econ Sec.

I should like your comments on f 236 & min 247. It seems to be a matter for the Italian Govt. If they can get coal from Arsa and AMG V.G. cannot — can we interfere? Italian govt. if Ital. Govt. are prepared to pay £4000 a ton for a small quantity of coal can we interfere. Am not so certain

H.L. 9/2

251

2473

Col. Walton

Could you please get views of Coal Boards and then discuss with me?

Harlan Cleveland.

252

1704

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

204

C.S.O. Pse see 203 & 202 for info. 19/11

207.

205 & 206 for info. RB. 19/11.

208

Note Ref 197 - talked Rear. who will chivvy Coal

CRS 21/11

AMRO CRS 28/11 210.

209 for info - one of the gents who telephoned me on 22/11 & who allegedly for a scoop.

RB. 20/11.

213

C.S.O. Ref f 212. This is involved in a general issue concerning Italian participation in meetings of organizations of this nature. This is being checked and a completed report will be forthcoming.

Steps have been taken to include Italians in these meetings See 230 24/1/46 SKett 10/1/46 SKett 21/12/45

229.

C.S.O. Please see 221 Par 4 223 for info.

SKett 17/1/46

226

new C.S.O. Flimsy 226 & 227 are of interest

SKett 22/1/46

2472

227

C.S.O. Flimsy 226 of interest.

SKett 4/2/46

238.

Mag H.: Get Leons Sec. answer to 236. JHL. 5/2

5016 EXEC PP Comm 288

GENERAL HEADQUARTERS CMF 3565/2/Q-1

ADMINISTRATIVE INSTRUCTION NO. 25. SEP 9 1946

SUPPLY OF COAL TO BRITISH FORCES IN ITALY INCLUDING VENEZIA GIULIA.

GENERAL.

1. It is now intended that the duties previously carried out by the GHQ Coal Representative at ROME will terminate as from the 1st October next; in future the responsibility for the supply of Coal to British Forces in ITALY, including VENEZIA GIULIA will be carried out by the DST at GHQ CMF directly.

Accordingly GHQ Adm Instr No.25 dated 29 June 46 will be cancelled and the following instruction substituted.

DEFINITION.

2. Coal where used in this instruction includes coal, coke, and any other solid fuel other than wood, whether imported or locally produced.

POLICY.

3. (a) The Coal Branch of the Sub Bureau of Industrial Rehabilitation, Bureau of Requirements and Distribution, UNRRA is responsible for the civil coal programme to ITALY excluding VENEZIA GIULIA wef March 1946.

(b) The civil coal programme for VENEZIA GIULIA remains an Allied Military commitment, for which G-5 is the responsible Staff Section.

(c) It is essential for economy in distribution that the civil and military coal programmes are closely co-ordinated in order that exchanges in different localities may be arranged. Railway requirements involve both civil and military coal. Military demands for indigenous and locally produced coal products have to be negotiated with the Italian Government. DST will be directly responsible for liaison with all agencies involved and for the co-ordination of British Military coal requirements.

2411

PROVISION AND DISTRIBUTION OF IMPORTS.

4. (a) CE GHQ CMF will submit bids for future requirements of military railway and engineer coal (in respect of GHQ Engineer Units only) to the DST GHQ CMF as under :-

(i) Requirements for the following month by the 12th of the current month.

(ii) Estimate of consumption for the sixth month following month in which bid is made.

M 289

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

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2477

See 11289

/2.....

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

287

(b) CEs of Formations will submit bids similarly for engineer coal for engineer units not under command of GHQ.

(c) The DST will cable to War Office, LONDON, by the 15th of the month for the following month, a demand for all requirements for which DST is responsible, showing military railway requirements separately, and an estimate of monthly requirements up to the sixth month following month in which bid is made.

(d) The DST will co-ordinate with the appropriate shipping authorities and UNRRA, the allocation to ports of Military coal cargoes shipped in satisfaction of his demands. He will also issue instructions to the agency responsible for discharge as to the allocation to users of military cargoes of colliers.

PROVISION AND DISTRIBUTION OF LOCAL PRODUCTION.

5. (a) The bids submitted in accordance with para 4 (a) above will cover all solid fuel requirements other than wood, and will therefore include SARDINIAN coal, anthracite, lignite, gas or metallurgical coke and peat.

(b) The DST will place bids for all items of local production on the appropriate Ministry of the Italian Government, and will ensure that suitable steps are taken for military requirements to be given priority over civil requirements, excepting only civil hospitals and bakeries, which will have equal priority with military hospitals and bakeries.

ACCOUNTING.

6. DST will maintain, all records required of imports and disposal of coal on British Military account, including records of cargo exchanges and any issues made from military stocks for other than British military commitments.

STOCK REPORTS.

2470

7. DST will be supplied with reports of stocks in the hands of military users in accordance with present procedure.

MILITARY CONTRACTORS.

8. The terms of UNRRA charter make it impossible to supply military contractors from civil stocks. Such requirements will, therefore, be included in bids submitted in accordance with para 4 (a) above, and will also indicate the distribution required.

VENEZIA GIULIA.

9. British military requirements for the area under control

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

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

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VENEZIA GIULIA.

9. British military requirements for the area under control

/3.....

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

286

AMG XIII Corps will be submitted as a separate bid but will conform to the procedure laid down in para 4 (a) above.

COMMUNICATIONS.

10. In all matters relating to Coal, correspondence and enquiries should be addressed to:-

Postal	DST GHQ CMF
Cables	S & T CMF
Telephone	Freedom 217

W.D.A. CLARK, Lieut-Colonel,
for Brig i/c Adm.

5 Sep 46.

DISTRIBUTION.

The Under Secretary of State
The War Office (ST7)
Headquarters,
British Troops AUSTRIA (2)
Allied Commission (10)
XIII Corps (Rear) (2)
3 District (2)
Brig i/c Adm
G-4 MTO (3)
G-5 AFHQ (2)
G(HOW) (3)
DM RSI (2)
CE (4)
DST (2)
ORD (B)
FA
DPIC
EFI
MWT
WSA
UNRRA ROME

2409

5016 r 4049

INCOMING MESSAGE
Headquarters Allied Commission

285

Originator's Reference: FX 67179 CIPHER
Date/Time of Origin: JUNE 041426B

Message Centre No: H/3629
Date Time Rec'd: JUNE 051400B
Precedence: ROUTINE

FROM: AFHQ SIGNED SACMED CITE FHQEG

TO : AGWAR WASHINGTON FOR. CCS FOR CCAC

INFO: WARCOS LONDON FOR CIVIL AFFAIRS, ALCOM ROME, COMGENMTPE

JUN 6 1946

SECRET.

COMZ FOR VERNZL. CIVIL AFF. UDINE. THIS IS LAC 1379.

REFER C.I 1542 this is LAC 1379. PLEASE ADVISE ETA OF FIRST CARGO. IMMEDIATE SUPPLY OF COAL IS ESSENTIAL. NECESSARY FOR US TO BORROW FROM UNRRA ITALY AS STOCKS NOW PRACTICALLY EXHAUSTED. NO OTHER COAL AVAILABLE IN THE THEATRE.

RESULT OF YOUR REQUESTS ON USPET AND BACON ARE AWAITED. WE CAN ARRANGE FOR AFHQ REPRESENTATIVE TO HAVE DIRECT NEGOTIATIONS IF YOU AGREE BUT DOUBT IF SHIPMENT CAN BE ACCOMPLISHED IN TIME TO BE OF EARLY USE EVEN IF ALLOCATION APPROVED.

AC DIST

ACTION DIRECTION: ECON SECTION (12)
(CSO (6)
(SUPPLY OPNS-V.G/UDINE (6)

ADVANCE COPIES TO: COMMERCL SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 3
TN BR 2

INFO: CHIEF COMMISSIONER
DEPUTY COMMISSIONER 2
CC DR LNB
CA US LNB
UNRRA (6)
ALLIED SUPPLY ACCOUNTING AGENCY
FILE
SKELETON

2468

CIPHER TELEGRAM
This message will not be distributed outside British or U.S. Government Departments or Headquarters or retransmitted even in Cipher without being paraphrased. (Messages marked O.T.P. need not be paraphrased).

SECRET

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

SECRET.

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AC DIST

ACTION DIRECTION: ECON SECTION (12)
(CSO (6)
(SUPPLY OPNS-V.G/ULINE (6)

ADVANCE COPIES TO: COMMERCL SC 2
FINANCL SC
FOOD & AGRIC SC 2
IND & UTIL SC 3
TN BR 2

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
UNRRA (6)
ALLIED SUPPLY ACCOUNTING AGENCY
FILE
SKELETON

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SECRET

seen on file 4049/EC

// PA 4/6/8

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

5016

283

U. N. R. R. A. - ITALIAN MISSION
BUREAU OF REQUIREMENTS AND DISTRIBUTION
SUB BUREAU OF INDUSTRIAL REHABILITATION

Tel : 425

GP/cc

Ref : Rehab/ C - 7.157

4th June 46

JUN 6 1946

Subject : Allotment of Sardinian Coal.

To : Ministry of Transport
Supply Department - Central Coal Office
Piazza Croce Rossa, Rome.

Info: Ministry of Industry & Commerce
Coal Office - Rome.

Co.Ge.Na. (Comitato Gestione Navi)
Via De' Cestari,3 Rome.

1. Reference your letter n. U.CC.2/23286 dated 25 May 1946.

2. On the basis of data available to this office, data which should correspond to yours, the position of the Sardinian Coal, with special regard to the supplies for North Italy, may be summarized as follows:

a) The total quantity allocated for the emergency period 20th March 30th June 1946 to continental Italy and Sicily is 209,451 tons.
b) The quantity allocated for this period to Northern Italy is 104,700 tons.
c) The quantity arrived up to May 31st at all ports against the above program is 147,000 tons equal to 70% of the total.
d) The quantity arrived up to May 31st at Genoa/Savona (Albisola excluded) for the North Italy regions against their program is 75.000 tons equal to 72% of the allocation.

3. Even without considering the fact that the North Italy Committee was authorised to distribute for consumption in this period also the quantity of Sardinian coal received over and above the normal March program from cargoes that had arrived from March 1st to March 20th 1946, it does not appear that the situation is more critical there than in other regions of Italy.

4. However, should your data be different from those mentioned above it would be appreciated if they are communicated immediately as the distribution of this coal must be followed with the utmost attention, especially in view of the present output of the Sardinian mines.

FOR THE CHIEF OF MISSION

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

Ref : Rehab/ C - 7.157 4th June 47

JUN 6 1946

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Supply Department - Central Coal Office
Piazza Croce Rossa, Rome.

Info: Ministry of Industry & Commerce
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FOR THE CHIEF OF MISSION

B. LUZZATTO
Chief

Rehab (2)
R & D
Reader File

(CAPTOE 7)

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

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

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

5016

Ref: ES/15.12/0

10 May 1946

MAY 10 1946

SUBJECT: Special E.C.O. Meeting in Paris

TO : Chief Commissioner

1. Your attention is invited to the attached advance notice of a meeting of E.C.O. in Paris.

2. I suggest that direct participation by ALCOM in E.C.O. conferences has some disadvantages. Participation implies that ALCOM is actively engaged in the supply and distribution of coal for Italy. This is not quite correct, since our supply and distribution responsibilities are practically limited to VG/Udine. We do maintain a watching brief over the coal situation but are not able to operate executively in the field.

3. I therefore recommend that the invitation, when forthcoming, be declined.

Charles W Walton
CHARLES W. WALTON
Colonel, AC
Acting Vice President

Encl. (1)
Ltr. 1/5/46 from UNRRA re Special ECO Meeting in Paris.

2456

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

277

UNRRA ITALIAN MISSION
Bureau of R & D

REHAL
8 MAG 1946
C/7350

H/5
11

Tel: 104 BL:mr

Ref: RD/15.12/0 4 May 1946

TO : Coal Division
Allied Commission
Att: Colonel Walker

SUBJECT : Special E.C.O. Meeting in Paris

1. We have been informed by Professor Gerbella, Director General of the Ministry of Industry and Commerce, that there will be a special E.C.O. meeting in Paris. It is scheduled for May 21, and will last three days, for the review of the coal requirements and availabilities of all European countries. Italy has been invited to send two representatives, one an expert on coal production and the other on coal distribution. The A.C. is also invited to send a representative, and so is UNRRA. While I expect that your office will get an official request to send a representative, I wanted you to get advance information about this request.

2. Please confirm your acceptance to the Ministry of Industry and Commerce, who asked me to transmit this information to you.

BRUNO LUZZATTO
Acting Deputy Chief of Mission

see 278

2405

5016 + 2029 XV

276

INCOMING MESSAGE

Originator's Reference: C37024

MESSAGE CENTRE NO: H/1888

DATE/TIME OF ORIGIN: 10APR1358B

DATE TIME REC'D: 11APR1545

PRECEDENCE: ROUTINE

APR 11 1946

FROM: APHQ G-5. COAL REQUIREMENTS VENEZIA GIULIA AND UDINE

TO : AGWAR WASHINGTON INFO: WAROF LONDON COMGENTYPE AZCOM ROME FOR COS FOR CCAC, INFO: FOR CIVIL AFFAIRS.

UNCLASSIFIED.

THIS IS LAC 1 3 7 IN. REFER LAC 1365 TO DATE. COAL REQUIREMENTS FOR VENEZIA GIULIA AND UDINE HAVE BEEN MET BY LOANS FROM THE ITALIAN MS PROGRAMME AND BRITISH MILITARY PROGRAMME.

2. THESE LOANS, NOW TOTALLING 85401 TONS, ARE MADE UP AS FOLLOWS: EX YB PROGRAMME, 62901 TONS, OF WHICH 21274 WAS PRIOR TO 31 DECEMBER 1945. EX BRITISH MILITARY PROGRAMME, 22500 TONS DURING FEBRUARY AND MARCH 1946.

3. THE LAST VESSEL TO BE RECEIVED UNDER THIS ARRANGEMENT DUE FOR DISCHARGE NOW. SINCE THE YB PROGRAMME IS FINISCED AND UNRRA ARE NOT AGREEABLE TO LOANDING COAL ALSO SINCE BRITISH MILITARY COAL PROGRAMME WILL NOT IN FUTURE ALLOW ANY ADDITIONAL LOANS TO VENEZIA GIULIA/UDINE, IT IS URGENTLY REQUESTED THAT THIS HEADQUARTERS BE ADVISED WHETHER PROPOSALS SET OUT IN LAC 1365.

4. CAN NOW BE APPROVED.

4. FOR COMGENNYPE: IN THE MEANWHILE, IT IS REQUESTED THAT COAL REQUIREMENTS SET UP ON REQUISTION TOO/AA 72, REFERENCE MESSAGE SPTAA/CS/6640 DATED 8 MARCH, BE ACCORDED HIGHEST POSSIBLE PRIORITY IN ORDER TO MAINTAIN A CONTINUOUS SUPPLY.

2464

AC DISTRIBUTION

ACTION DIRECTION: ECON SECTION 12 - (CSO 6 - SUPPLY OPNS V.G./UDINE 6

ADVANCE COPIES TO: COMMERCE SC 2 - FINANCE SC - FOOD & AGR SC 2 - IND & UTIL SC 5 TN BR 2

INFO: CHIEF COMMISSIONER 2 - EXEC COMMISSIONER 2 - CC BR EMB - CA US EMB - UNRRA 6 - ALLIED SUPPLY ACCOUNTING AGENCY - FILE

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

APR 12 1946

...5. COAL REQUIREMENTS VENEZIA GIULIA AND UDINE

TO : AGWAR WASHINGTON INFO: WAROF LONDON COMGENNYPE ALCOM ROME FOR CCS FOR CCAC, INFO: FOR CIVIL AFFAIRS,

---

UNCLASSIFIED.

THIS IS LAC 1 3 7 IN, REFER LAC 1365 TO DATE, COAL REQUIREMENTS FOR VENEZIA GIULIA AND UDINE HAVE BEEN MET BY LOANS FROM THE ITALIAN YB PROGRAMME AND BRITISH MILITARY PROGRAMME.

2. THESE LOANS, NOW TOTALLING 85401 TONS, ARE MADE UP AS FOLLOWS: EX YB PROGRAMME, 62901 TONS, OF WHICH 21274 WAS PRIOR TO 31 DECEMBER 1945. EX BRITISH MILITARY PROGRAMME, 22500 TONS DURING FEBRUARY AND MARCH 1946.

3. THE LAST VESSEL TO BE RECEIVED UNDER THIS ARRANGEMENT DUE FOR DISCHARGE NOW. SINCE THE YB PROGRAMME IS FINISCED AND UNRRA ARE NOT AGREEABLE TO LOANDING COAL ALSO SINCE BRITISH MILITARY COAL PROGRAMME WILL NOT IN FUTURE ALLOW ANY ADDITIONAL LOANS TO VENEZIA GIULIA/UDINE, IT IS URGENTLY REQUESTED THAT THIS HEADQUARTERS BE ADVISED WHETER PROPOSALS SET OUT IN LAC 1365.

4. CAN NOW BE APPROVED.

5. FOR COMGENNYPE: IN THE MEANWHILE, IT IS REQUESTED THAT COAL REQUIREMENTS SET UP ON REQUISTION TOO/AL 72, REFERENCE MESSAGE SPTAA/CS/6640 DATED 8 MARCH, BE ACCORDED HIGHEST POSSIBLE PRIORITY IN ORDER TO MAINTAIN A CONTINUOUS SUPPLY.

2464

AC DISTRIBUTION

ACTION DIRECTION: ECON SECTION 12 - (CSO 6 - SUPPLY OPNS V.G./UDINE 6

ADVANCE COPIES TO: COMMERCE SC 2 - FINANCE SC - FOOD & AGR SC 2 - IND & UTIL SC 5 TN BR 2

INFO: CHIEF COMMISSIONER 1 EXEC COMMISSIONER 2 - CC BR EMB -
C. US EMB - UNRRA 6 - ALLIED SUPPLY ACCOUNTING AGENCY - FILE

HEADQUARTERS 10 APR 1946 C.

seen in file 5016/EC

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

501b + 1201 90

275

MAR

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

FROM : HQ ALCOM 18 MARCH 46

TO : (1) ACWAR FOR CCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SLAC SECRETARIAT (3) AFHQ FBGEG

Ref No : 1843 UNCLASSIFIED

This is MOC 562

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary information discloses that this is not Arsa coal. Do not take an action pending further details from this hq.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHE)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./UDINE 6

2463

ADVANCE COPIES TO - .COMMERCE SC 2 * INFO - CHIEF COMMISSIONER
FINANCE SC EXEC COMMISSIONER 2
FOOD & AGRIC SC 2 CC BR EMB
IND & UTIL SC 2 CA US EMB
TN EM 2 UNRRA 6
FILE

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

FROM : HQ ALCOM 18 MARCH 46

TO : (1) AGWAR FOR CCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SLAC SECRETARIAT (3) AFHQ FHGEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take an action pending further details from this HQ.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHERY.)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.C./ULTRA 6

2463

ADVANCE COPIES TO - COMMERCE SC 2 & INFO - CHIEF COMMISSIONER
FINANCE SC EXEC COMMISSIONER 2
FOOD & AGRIC SC 2 CC BR EMB
LAB & UTIL SC 2 CA US EMB
TN Br 2 UNRRA 6
FILE

21/3.
(MAJ H)

21/3

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

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

274

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

FROM : HQ ALCOM 15 MARCH 46

TO : (1) AGWAR FOR OCS FOR CCAC FOR CLAC
(2) WAROF (LONDON) FOR SLAC SECRETARIAT (3) AFHQ FHGEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary informations discloses that this is not Arsa coal. Do not take an action pending further details from this hq.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.R.ROTHER)

DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./UDIME 6

ADVANCE COPIES TO - COMMERCE SC 2 & INFO - CHIEF COMMISSIONER
FINANCE SC EXEC COMMISSIONER 2
FOOD & AGRIC SC 2 CC BR EMB
IND & UTIL SC 2 CA US EMB
TN BR 2 UNRRA 6
FILE

2462

(2) AGWAR FOR OCS FOR CCAC FOR CLAC
(2) WARCOF (LONDON) FOR SLAO SECRETARIAT (3) AFHQ FHGEG

Ref No : 1943 UNCLASSIFIED

This is MOC 532

1. Para 4 of COM 393 and MOC 497 refer.

2. Preliminary information discloses that this is not Arsa coal. Do not take an action pending further details from this HQ.

Copy to : Economic Section.

Precedence : ROUTINE

Office of origin : COMMERCE (FOREIGN TRADE) BRANCH

Tel. No. : 478192

Originator's Signature : (Capt. G.A.F.ROTHE)

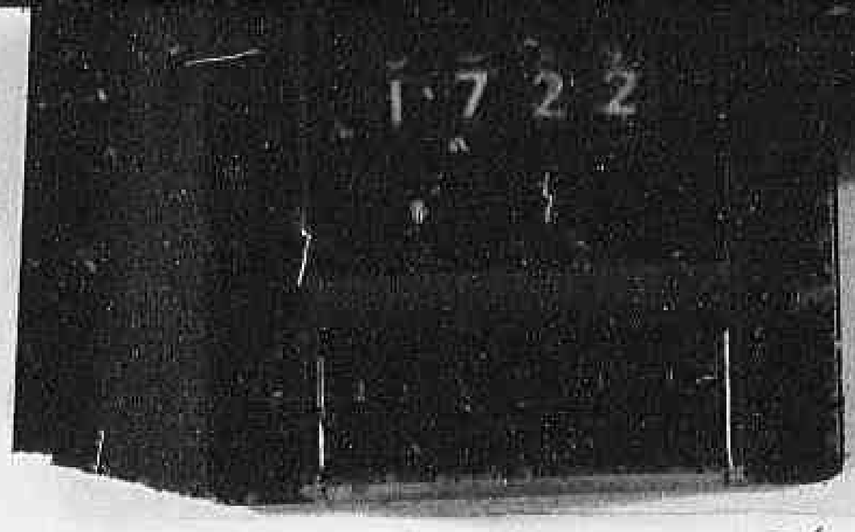
DISTRIBUTION

ACTION DIRECTION - ECON SECTION 12
CSO 6
SUPPLY OPNS - V.G./ULINE 6

ADVANCE COPIES TO - COMMERCE SC 2 * INFO - CHIEF COMMISSIONER 2
FINANCE SC
FOOD & AGRIC SC 2
LAB & UTIL SC 6
TN BR 2
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
UNRRA 6
FILE

262

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



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

RG 331
ACC - Italy
Box 251
Folder 10000/109/955
"246I"
1 doc/1 page

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation 10000/109/955

Date 3/19/46

From AMG 13th C

To AFHQ G-5

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

☑ Security-Classified Information

☐ Otherwise Restricted Information

WITHDRAWAL NOTICE

J CS
Authority

6/13/74
Date

GENERAL SERVICES ADMINISTRATION

GSA FORM 7117 (2-72)

1723

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

5016 (A)

272

IBMW/jv

Ref: AG/CD/136.17/I.& U. 19. March 1946

Subject : Coal Supplies to Italy/Venezia Giulia.

To : G-5, A.F.H.Q.

1. It is desired to draw your attention to the very grave danger facing Italy owing to the probability of a coal strike in the U.S.A., during April. With the termination of certain miners wage agreements on March 31st, a strike is considered almost certain, duration of which is generally expected to be at least a month. Such a strike will result in a stoppage of coal shipments from U.S.A. for a period at least as long as the strike period.

2. The effect of this on the Italian economy will be serious, since practically the whole of the civilian supplies of coal are imported from the U.S.A. . The responsibility for coal and other supplies for Italian civil requirements has passed to U.N.R.R.A.. Steps have been taken by UNRRA in conjunction with the Italian Government to meet this emergency.

3. The following propositions, under consideration for the augmentation of the already short coal supply prior to strikes, are being followed up with the hope that they may ameliorate conditions:

a) UNRRA is actively pursuing the question of obtaining coal from the Ruhr, and a request was made at the E.C.O. meeting on March 13th for an allocation of 100,000 tons. No information is yet available as to whether this was granted. This may be accomplished in time to be of use in this emergency.

b) UNRRA is working on a proposal to the Italian Government to provide 50.000 tons per month of petroleum coke from the Persian Gulf. If arrangements are consumated in a timely manner, this would help in the emergency.

c) Negotiations between Italian and Polish Governments to request 60.000 tons coal per month from Poland. It is not likely that this will be accomplished in time for the impending emergency.

4. In view of all the foregoing, it is apparent that it is very desirable to reopen immediately negotiations with the Jugoslav delegates to the Joint Committee with a view to obtaining supplies of Arsa coal. Therefore request has been submitted to 13 Corps that they undertake to

(Mar H)

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

obtain a definite statement of the Jugoslav position on this matter.

For the Chief Commissioner:

M Van Beyeden
Brigadier.
Executive Commissioner.

Copy to: 16 Bde
46 Bde ✓

2459

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

270

TRANSLATION

5 or 6 Gp

THE MINISTER OF FOREIGN AFFAIRS.

Rome, 4 March, 1946.

249 MAR 11 1946

Dear Admiral,

I refer to your letter dated 8 February 1946, in which you inform me that the European Coal Organization has decided to accept Italy as an associated Country.

In taking notice of said decision I am very glad to advise you that the Royal Government has immediately given instructions to its representatives in London to sign officially, in the name of said Government, the document by which Italy accepts membership in the European Coal Organization. Dott. Giovanni MATTIOLI will represent Italy permanently in said Organization.

In sharing your assurance that Italy will receive a fair treatment which will enable her to face her vital necessities, I send you my regards.

Yours truly,

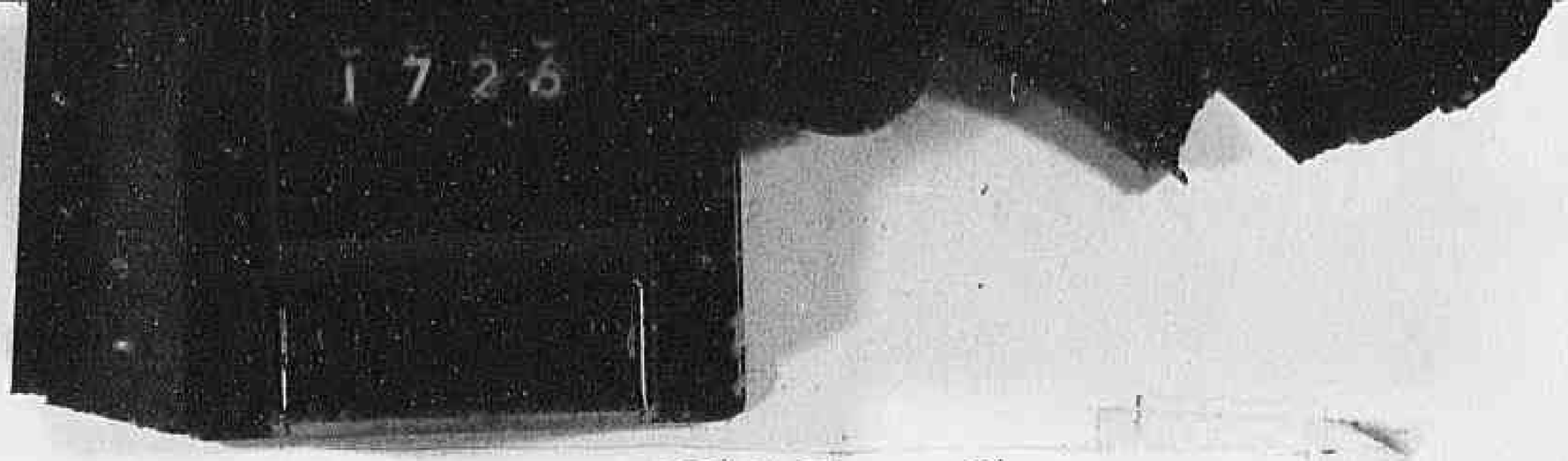
(s) De Gasperi.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
R O M E

Ex. Com. Dist — MAR 12 1946

Action — Econ Sec (2)
Info — Ch. Com.
Ex. Com.

SPAA 12/3/46
(MJ H)



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

4049 + 5015 RR

269

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

FROM : HQ ALCOM 9.3.1946

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WAROF LONDON FOR 1946
SLAO SECRETARIAT AFHQ FHGEG

Ref.No: 1724 UNCLASSIFIED

This is MOC 530.

Subject is Anthracite Coal for the Manufacture of Electrode Paste.

Essential for the Italian steel industry. Without it the manufacture of steel will be greatly curtailed by the inability to use electric furnaces. To continue working electric furnaces a minimum of 6.000 tons of uniform size is required immediately preferably washed chestnuts or peas.

Precedence : PRIORITY

Office of origin : Ind & Util Br.

Tel.No. : 303

Originator's Signature : Col.H.M. WALKER

DISTRIBUTION

ACTION DIRECTION: Econ Sec 18
(CSO (6))
(Supply Gr.)
(Program Br.)
(Requisition Br10)

ADVANCE COPIES TO: Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Trn SC 2

INFO : Chief Commissioner
Exec Comm 2
CC Br EMB
CA US EMB
File

Already seen in 4049/EC 2455

PA. 11/3.

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

268

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference:

Date Time of Origin: MAR 081810 Z

Message Centre No: H/387

Date Time Rec'd: MAR 091630

Precedence: ROUTINE

MAR 11 1946

FROM: UGBE

TO : JJMT ATTN SACMED

INFO: TAG WAS H DC WAROF FOR CIVIL AFFAIRS LONDON ALCOM ROME
ALC UDINE MAIN XIII CORPS JJOS IMI

UNCLASSIFIED.

Coal requirements Venezia Giulia and Udine, reference C 23178 dated 15 February. The following has been SEP UP in long tons bases on earliest availability marked Hocu F QM Roman 4 TTOG AA 72: 5500, coal steam : 8500, coal household and 8500, coal gas. Approved program part I 67 applies. This HQS will advice when shipments are made.

AC DIST.

ACTION DIRECTION - ECON SEC 18
CSC 6
SUPPLY GROUP
PROGRAM BR
REQUISITION BR 10

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

INFO - CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA WS EMB
FILE

2454

Precedence: ROUTINE

MAR 11 1946

FROM: UGBE

TO : JCAT ATTN SACMED

INFO: TAG WAS H DC WAROF FOR CIVIL AFFAIRS LONDON ALCOH ROME AMC UDINE MAIN XIII CORPS JJOS IMI

^^^^^^^^^^^^^^^^^^^^^^^^

UNCLASSIFIED.

Coal requirements Venezia Giulia and Udine, reference C 23178 dated 15 February. The following has been SEP UP in long tons bases on earliest availability marked Hocu F QM Roman 4 TTOC AA 72: 5500, coal steam : 8500, coal household and 8500, coal gas. Approved program part I 51 applies. This HQS will advice when shipments are made.

^^^^^^^^^^^^^^^^^^^^^^^^

AC DIST.

^^^^^^^^^^^^^^^^^^^^

ACTION DIRECTION - ECON SEC 18
CSO 6
SUPPLY GROUP
PROGRAM BR
REQUISITION BR 10

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
IN SC 2

INFO - CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA WS EMB
FILE

^^^^^

HEADQUARTERS
10 MAR 1946

2454

Sent to 40HQ/EC

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

Declassified E.O. 12356 Section 3.3/NND No. 783017

2601

INCOMING MESSAGE

Originator's Reference WCL 47917 Message Centre G/9514

Date:Time of Origin: FEB 190013 Date/Time Rec'd: FEB 191550

Precedence: PRIORITY

FROM: WAR FROM CCS CITE CCAC

TO: MORGAN FOR FHGEO, INFO ALCOM, AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1523. Coal requirements

1. Apparently CAL 1517 not understood by you. Combined coal committee was requested to make an allocation for VENEZIA GIULIA and UDINE on basis combined military responsibility. Combined coal committee stated that no additional coal could be allocated for any areas in ITALY and that supply for VENEZIA GIULIA and UDINE would have to come out of allocations already MDE for ITALY (see para 3 coal 1517). Therefore, in CAL 1517 para 1 you were requested to consult Allied Commission and other inter agencies and agree a readjustment of these allocations so as to provide allocation for VENEZIA GIULIA and UDINE. This does not mean participation by UNRRA in these areas. Once the allocations are readjusted to provide for these areas, responsibility for supply will 0 in the combined military.
2. Para 2 CAL 1517 stated that after readjustment of exsting allocations, shipment of 2 months supply would be authorized. Since you have not determined these as yet, your call forward as stated in para 3 LAC 1360 cannot be recognized hilldring. 2453

AC DIST

ACTION DIRECTION ECON SECTION 18
(OSO (6))
(SHIPPLY GROUP)
(PROGRAM BR)
(REQUIS BR (10))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
FILE

TO: MORGAN FOR FHGEO, INFO ALCOM, AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1523. Coal requirements

1. Apparently CAL 1517 not understood by you. Combined coal committee was requested to make an allocation for VENEZIA GIULIA and UDINE on basis combined military responsibility. Combined coal committee stated that no additional coal could be allocated for any areas in ITALY and that supply for VENEZIA GIULIA and UDINE would have to come out of allocations already MDE for ITALY (see para 3 coal 1517). Therefore, in CAL 1517 para 1 you were requested to consult Allied Commission and other inter agencies and agree a readjustment of these allocations so as to provide allocation for VENEZIA GIULIA and UDINE. This does not mean participation by UNRRA in these areas. Once the allocations are readjusted to provide for these areas, responsibility for supply will O in the combined military.
2. Para 2 CAL 1517 stated that after readjustment of exsting allocations, shipment of 2 months supply would be authorized. Since you have not determined these as yet, your call forward as stated in para 3 LAC 1360 cannot be recognized hilldring. 2453

AC DIST

INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC BR EMB
CA US EMB
FILE

ACTION DIRECTION ECON SECTION 16
(CSO (6))
(SHPPLY GROUP)
(PROGRAM BR)
(REQUIS BR (10))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

19 FEB 1945

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

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

266

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: CC 47790

Message Centre No: G/3521

Date/Time of Origin: FEB. 1705297

Date Time Rec'd: FEB 1915 G

Precedence: ROUTINE

FROM: WAR AGS CHIEF CCAC FOR CLAC

TO: UK BASE SECTION LONDON ALLIED COMMISSION FUNCTION AFHQ AMG NAPLES

COMZONE INFO: AFHQ FORFHQ AND LONDON AREA OFFICE FOR WAR OFFICE FORSLAC

SECRET.RIAT.

THIS IS CCM 393.

UNCLASSIFIED:

REFER MCC 509 COAL SHIPMENTS AND REQUEST FOR ALLOCATION 50THOUSAND TONS COAL

FROM JUGOSLAVIA.

1. LAST YR COAL DUMP HAS CEASED. SEPARATE MESSAGE. THEREFORE CONTACT UNRRA FOR FUTURE SHIPMENTS.

2. HOWEVER BRADVISEDTHAT ALL AVAILABLE D.W.T. ON SHIPMENT EX UNITED STATES HAVE BEEN SENT TO A C SECRETLY APPEAR ON INVOICES AND THAT THE TYPE OF COAL GOING EXT FROM EACH UNITED STATES PORT IS ALMOST CONSTANT SINCE IT COMES FRO. SAME MINES.

3. UNDERSTAND FRO. ALLADVICE NOW BACK IN UNITED STATESTHAT ALL D.W.T. OF TYPE OF COAL BY AREA AND THEREFORE POINT OF CLEARANCE OF VESSEL ARE AVAILABLE L. COAL SECTION A C, COLONEL WALKER, AND THAT IS BEST ADVANCE INFORMATION WHICH COULD POSSIBLY BE OBTAINED. INVOICES NORMALLY SENT TO A C WHICH CONTAINS 2451 COVER EACH SHIPMENT ANDGIVE COMPOSITION OF CARGO BY 9 AND TYP . UNDERSTAND FURTHER FROM ALLADVICE THAT COAL SECTION HASNEVER BEEN PROVIDED WITH COPIES OF SUCH INVOICES WHICH WERE OBVIOUSLY INTENDED FOR IT IN ORDER TO AVOID DUPLICATION OF COAL TO THE EXTENT THIS HAS.

4. REFER MCC IN 97 . DO NOT . UNDERSTAND YOUR REQUEST MCC 497. WHAT KIND OF

Precedence: ROUTINE

FROM: WAR AGS CHIEF COAC FOR CLAC

TO: UK BASE SECTION LONDON MARKED COMMISSION FOR ACTION AFHQ, ALC NAPLES

COMMUNE INFO: AFHQ, FORFHSEC AND LONDON AREA OFFICE FOR WAR OFFICE FORSLAC

SECRETARIAT.

HEADQUARTERS 19 FEB 1945 A. C.

THIS IS COM 393.

UNCLASSIFIED:

REFER MOC 509 COAL SHIPMENTS AND REQUEST FOR ALLOCATION 50THOUSAND TONS COAL FROM JUGOSLAVIA.

1. LAST YL COAL BOAT HAS CLEARED. SEPARATE MESSAGE. THEREFORE CONTACT UNRRA FOR FUTURE SHIPMENTS.

2. HOWEVER REALIZE THAT ALL AVAILABLE DATA ON SHIPMENT EX UNITED STATES HAVE BEEN SENT TO A C SILCETHAT AFTER AT INVOICES AND THAT THE TYPE OF COAL GOING OUT FROM EACH UNITED STATES PORT IS ALMOST CONSTANT SINCE IT COMES FROM SAME MINES.

3. UNDERSTAND FROM ALLARDICE NOW IN UNITED STATES THAT ALL DATA ON TYPE OF COAL BY MINE AND THEREFORE PORT OF CLEARANCE OF VESSEL ARE AVAILABLE IN COAL SECTION A C, COLONEL MILLER, AND THAT IS ONLY ADVANCE INFORMATION WHICH COULD POSSIBLY BE OBTAINED. INVOICES REGULARLY SENT TO A C MIGHT COMMENCE COVER EACH SHIPMENT AND GIVE COMPOSITION OF CARGO BY 9 AND TYP . UNDERSTAND FURTHER FROM ALLARDICE THAT COAL SECTION HAS NEVER BEEN PROVIDED WITH COPIES OF SUCH INVOICES WHICH WERE OBVIOUSLY INTENDED FOR IT IN ORDER TO AVOID MALDISTRIBUTION OF COAL TO THE EXTENT POSSIBLE.

4. REFER MOC IN 97 . DO NOT . UNDERSTAND YOUR REQUEST MOC 497. WHAT KIND OF COAL IS REFERRED TO QUERY IS THAT FROM NSA MINES QUERY IS ITALIAN GOVERNMENT PAYING CASH REQUEST NOT BEEN REFERRED TO UNRRA SINCE UNRRA IS RESPONSIBLE FOR ALL COAL SHIPMENTS TO ITALY QUERY NO REQUEST CAN BE PRESENTED UNLESS ABOVE INFORMATION IS RECEIVED.

2451

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

AF DEPT

ACTION: DIRECTOR BOON CHAPTIN 13

(CSA (6)

(CIA/ELT SHOW)

(Production Sr.)

(NSA/CSS (10)

ADVANCE COPIES TO: OC SERVICE SC 2

FINANCE SC

P.C. & ADMIN SC 2

INT & UTIL SC 2

Comm DIV

TR SC 2

INFO CHIEF CONSULATE, L.E.

E.A.C CONSUL GENERAL, L.E. 2

OC ZR, L.E.

C. US Amb

FILE

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

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

5016 + 4049 Q1

265

INCOMING MESSAGE
HEADQUARTERS ALLIED COMMISSION

Originator's Reference: C 27719 Message Centre: H/162
Date Time of Origin: MAR.041030A Date Time Rec'd: MAR.050915
Precedence : ROUTINE

FROM : AFHQ G-5.
TO : AGWAR WASHINGTON INFO WAROF LONDON -- ALCOM ROME FOR CCS CCAC CIVIL AFFAIRS.

UNCLASSIFIED.

Coal requirements Venezia Giulio and Udine.

This is LAC 1 3 6 5 Reference CAL 1523. UNRRA has not agreed to allocation of coal for Venezia Giulia and Udine from allocations already made for Italy. Present allocation not sufficient to do so, as it is only sufficient for minimum needs of italian economy. Situation further aggravated by shortfalls during recent months.

2. January requirements were met by loans from fea subject to repayment in kind. February requirements partly met by allocation 2 UK military cargoes totalling 14000 tons, also loan fea coal used.

3. UK military prepared to allocate 1 cargo March but us military not yet advised of any expected March arrivals.

4. Most important that allocations be made to cover Venezia Giulia-Udine requirements to meet needs for those areas during April, May and June as well as cover repayment of commitments for January, February and March.

5. Request you stress to combined coal committee necessity for allocation of coal for Venezia Giulio and Udine. First shipment for arrival early April.

6. Should additional allocation still be considered impracticable because combined coal committee must include Venezia Giulia and Udine, which areas remain a military responsibility for supplies, as an integral part of Italy, it will be necessary to reduce the overall allocation to UNRRA Italy for period January-June 1946 and so provide for total requirements for Venezia Giulia and Udine for period January-June 1946 under LAC Airgram 140 dated 28 December 1945 to be imported on military account.

5,500

PAB 5/3

1735

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

Message Centre: W/162

2 page.

AC DISTRIBUTION

ACTION DIRECTION ECON SECTION 18
(CSO (6))
(SUPPLY GROUP)
(PROGRAM ER)
(REQUISITION ER (10))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COM DIV
TN SC 2

INFO CHIEF COMMISSIONER
EXEC COMMISSIONER 2
CC ER EMB
CA US EMB
FILE

5 MAR 1946

Declassified E.O. 12356 Section 3.3/NND No. 787017

72 + 5016 81

15/12/0 259

G.H.Q., C.M.F. 1229/31

ADMINISTRATIVE INSTRUCTION NO. 25 23 Feb 46

Supply of Coal to British Forces in ITALY including VENEZIA GIULIA

GENERAL

1. Allied Commission Coal Division will cease to be executive 1 Mar 46. The object of this instruction which supersedes that of similar title dated 25 Oct 45 is to set out the procedure for the supply of coal to the British Forces in ITALY after 1 Mar 46.

DEFINITION

2. Coal where used in this instruction includes coal, coke and any other solid fuel other than wood whether imported or locally produced.

POLICY

3. The civil coal programme is being provided by UNRRA wef 1 Mar 46. It is most necessary for economy in distribution that the civil and military coal programmes are closely co-ordinated in order that exchanges in different localities may be arranged. Railway requirements involve both civil and military coal. Military demands for indigenous and locally produced coal have to be negotiated with the Italian Government. All agencies involved are located in ROME and it has therefore been decided to establish there a GHQ Coal Representative who will be responsible to 'Q' Branch GHQ CMF for the co-ordination of British Military coal requirements. At a later date it is intended to transfer this responsibility to DST GHQ CMF.

PROVISION

4. D Tn DST and DW GHQ will submit bids for their future requirements to GHQ Coal Representative in accordance with current procedure. GHQ Coal Representative will take the necessary action to procure this coal from authorised supply agencies.

IMPORTATION AND ALLOCATION OF CARGOES

5. GHQ Coal Representative will:-

(a) be responsible for co-ordinating with the appropriate shipping authorities and UNRRA the allocation of Military coal cargoes to ports.

(b) issue instructions to the agency responsible for discharge as to the allocation to users of Military cargoes of colliers.

GHQ CMF will be consulted when necessary.

LOCAL PRODUCTION

Coal mined in accordance with para 4 above will cover

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(b) issue instructions to the agency responsible for discharge as to the allocation to users of Military cargoes of colliers.

GHQ CMF will be consulted when necessary.

LOCAL PRODUCTION

6. The bids submitted in accordance with para 4 above will cover all solid fuel requirements other than wood, and will therefore include Sardinian coal, cogne anthracite, lignite, gas or metallurgical coke and peat.

/GHQ Coal.....

See Min 260 to 264 seen on file 72/EC.

Copy to 72/EC

PA 4/3

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

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GHQ Coal Representative will place these bids on the Italian Government and will ensure that suitable steps are taken for Military requirements to be given priority over civil requirements except in regard to Civil hospitals and bakeries, which will have equal priority with military hospitals and bakeries.

ACCOUNTING

7. GHQ Coal Representative will keep any records required of imports and disposal of coal on British Military Account. He is authorised to endorse on behalf of GHQ bills of lading and to sign other relevant documents.

STOCK REPORTS

8. GHQ Coal Representative will be supplied with reports of stocks in the hands of Military users in accordance with present procedure.

MILITARY CONTRACTORS

9. Since the main source of civil coal will be from UNRRA funds for some time to come it is not possible for contractors for the military to be supplied from civil stocks. It is therefore necessary for coal from Military stocks to be supplied for military contracts. Requirements will be included in bids referred to in para 4 above and GHQ Coal representative will be advised by services concerned of the distribution required.

N.E. ITALY

10. Requirements of the British Forces areas of NE ITALY, including VENEZIA GIULIA, under Allied Military Government will be submitted to GHQ Coal Representative in accordance with para 4 above but a separate bid will be submitted by Services in respect of this territory. Allied Military Government requirements will continue to be met as heretofore.

COMMUNICATIONS

11. GHQ Coal Representative will for the present be located with Coal Division Allied Commission and should be addressed as follows:-

Postal - GHQ CMF Coal Representative, C/O Coal Division, Allied Commission, ROME.

Signals - ALCOM cite ACCOL for GHQ Coal Rep.

2447

Telephone - ROME 490081 Ext 303
ROME 478489

12. At a later stage GHQ Coal Representative may be located with UNRRA ITALY Mission.

W.D.A. CLARE, Lieut-Colonel,
for Major-General,

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

...and batteries.

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ROME 478489

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W.D.A. CLARK, Lieut-Colonel,
for Major-General,
MGA.

Distribution: - Over

257

G.H.Q., C.M.F.

ADMINISTRATIVE INSTRUCTION NO. 25

DISTRIBUTION

HQ BTA	(2)
HQ Allied Commission ROME	(10)
HQ 13 Corps	(2)
HQ 2 District	(2)
HQ 3 District	(2)
MLA	
G-4MTOUSA	(3)
G-5 AFHQ	(2)
Q (Mov)	(3)
DMPSI	(2)
DW	(2)
DST	(2)
Cmd (Sr)	(2)
D Tn	
FA	
DPIC	
EPU	
MVT	
WSA	
UNRRA ATHS	
UNRRA ITALY Mission	

2-46

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

Ref. AS/15.12/0

28 February 1946

SUBJECT: Arsa Coal

TO : AFHQ (Attn. G-5 Section)

236.

1. Reference is made to the cable to you (JEC/13 of 3 February 1946 from the Joint Economic Committee Rear 13th Corps) requesting your ruling on a pending trade arrangement for importation into Italy to certain private firms of 3,000 tons of Arsa coal.

2. The Allied Commission wishes to make the following comments on this matter:

a. The Italian Government apparently had no knowledge of this arrangement until it was drawn to their attention by the Allied Authorities. It is presently understood that they are not favorably disposed to the arrangement. Letters have been sent to the Ministries of Foreign Affairs and of Industry and Commerce asking their opinion in this and similar arrangements. Replies to these letters have not, as yet, been received by this Headquarters.

b. Facts are emerging that suggest that it was the intention of the Italian group of Firms involved to effect this import without the knowledge of the Italian Government. Certainly if these facts are substantiated, the arrangement would be highly undesirable and 13th Corps should take all steps necessary to stop its completion.

c. However, the reasons advanced by the Joint Economic Committee should not warrant Allied interference with a normal trade arrangement of this sort:

(1) Procurement of this coal by such an arrangement, if divorced from the implications of irregular extra-governmental negotiations, is within the province of the Italian Government and is subject to their decision incofar as it does not substantially interfere with Allied Military responsibilities.

2443

(Maj. H) Spaatz 4/3/46

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(2) The quantity involved is admittedly insignificant in the overall coal situation. The price quoted is not disproportionately high in comparison with current prices of other indigenous coal of like quality.

(3) The fact that the Committee is not in accordance with this price should not of itself warrant interference.

3. It is recommended, therefore, that the matter be suspended until the Italian Government can complete its present investigation and can submit their opinion thereon. Instructions to 13th Corps should confine themselves to insuring that such arrangements are properly channelled, so that compliance with the declared policy of the Italian Government on such trade matters can be assured.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc:- A.M.G. - 13th Corps
(Attn. JEC, Rear 13th Corps)

Internal Distribution:- Coal Division
Foreign Trade
Requisition Branch

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

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2511

ANCOALING MESSA

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: "CL 46629 Message Centre No: G/9749

Date/Time of Origin: 1523GMT Date Time Rec'd: FEB 24 0930

Precedence: ROUTINE

FROM: WAR CCG CITY COAL CLAC

FEB 25 1946

TO: AC ITALY ATTN, HQS OF TROOPING

INFO: ATTN, FOR ENGLD AND LONDON AREA OFFICE FOR WAR OFFICE FOR SLAO SECRETARIAT

THIS IS COM 389

UNCLASSIFIED:

FOLLOWING ARE LATEST FINAL SAILING DATES FOR COAL:

TB NUMBER:	NAME:	TONNAGE	DATE
PARA 345	ANSON ANSON DURLINGAME	8228,GA	1-25
354(SEE NOTE 1)	JOHN L WARE	7962	1-4
360	HORACE WILLIAMS	8287	1-30
361	DUDLEY LYNE HUGHES	8296	2-1
368(SEE NOTE 2)	LASALLE SEAM	9258	1-9
372	ALIKO HOI OI	204	2-2
379	CHARLS GAOULAM	8308	2-2
TYPER 92	AN VAN NUYS	BLANK	2-3
398	PHILIP CHARLES ERL	8187	2-4
3 MINESPNG	R S WILSON	8223	1-30

NOTE 1: PREVIOUSLY REPORTED IN COM 367 AS TB 254. NOTE 2: PREVIOUSLY REPORTED IN CM 367 AS LOADING -(FORMERLY TB 279)

2443

IN ADDITIONAL FOLLOWING ARE REPORTED DATES OF LOADING;

PARA 347	LAVIL LUBIN	9258	2-2
348	KINGS SEAM	8646	2-1
395	KAJ MORNSEN	7751	2-4
420	ANN H SEAM	7899	2-2
421	BECKLEY SEAM	9310	2-4

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

FEB 25 1946

TO: AC REALY AFHQ, WAR DE PROCESS

INFO: AFHQ FOR BLOG AND LONDON AREA OFFICE FOR WAR OFFICE FOR SLAO SECRETARIAT

THIS IS COM 389

UNCLASSIFIED:

FOLLOWING ARE EARLIEST FINAL S.F.P. AND DATES FOR COAL:

TB NUMBER:	NAME:	TONNAGE	DATE
PARA 345	ANSON AMSON SURLINGAME	8228,GA	1-25
354(SEE NOTE 1)	JOHN E WARD	7962	1-4
360	HONGOR WILLIAMS	8287	1-30
361	DUDLEY KING HUGHES	8296	2-1
368(SEE NOTE 2,	LAGALLE SEAM	9258	1-9
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379	CHARLU CAOULAM	6308	2-2
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348	MINGA SEAM	8646	2-1
393	KAJ MCKENZIE	7751	2-4
420	ANN H SEAM	7899	2-2
421	BECKLEY SEAM	9312	2-4

(CONT) ON PAGE 2.

recon on file 4049/CC

HEADQUARTERS 7/FEB 1946

TR NUMBER	NAME	TORUCL	DATE
431	JAS J ONEILL	8326	2-4
433	LAWRENCE E TYSON	7924	2-2
434	PAUL CHANDLER	(9114?)	2-3
435	MOSES CLEVELAND	8102	2-5
437	PAUL HAMILTON MAYNE	8007	2-4
438(FORMERLY 356)	ERASTUS SMITH	8286	2-2
446(FORMERLY 390)	GEORGE CLIFFE	8572	2-4
455	JAS MANNING	8055	2-3

1400572

DC DIST

ACTION: DIRECTION: ECON SECTION 18
(CSO (6)
(SUPPLY GROUP)
(PROCL BR)
(REQUISITION BR (10)

ADVANCE COPIES TO : COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND & UTIL SC 2
COAL DIV
TN SC 2

INFO: CHIEF COMMISSIONER
ASSOC COMMISSIONER
CC BR BAB
CC US MAIL
FILE

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

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

cc: Chief Commissioner
Exec. Commission
Amer. Embassy
British Embassy
G-5 AFHQ

5016 GR

249.

Ref. EB/3.20

8 February 1946

My dear Mr. Prime Minister:-

Further to letter of 11th January 1946 addressed by Mr. Harlan Cleveland, the Acting Vice President, Economic Section, to the Ministry of Foreign Affairs, Rome, I am pleased to inform you that cabled advice has now been received to the effect that the European Coal Organization, with the full agreement of the United States and United Kingdom Governments, is prepared to regard Italy as an associated Country in relation to the ECO.

Your Government therefore is invited to send a representative to the Allocation Meetings for the purpose of presenting Italian requirements in conjunction with UNRRA representatives.

Enclosed herewith are copies of the formal agreement already existing between the Member Countries; your particular attention is drawn to the fact that, along with all Member and all other Associate Countries, you will be required to keep ECO furnished with all relevant information on the Italian Coal situation.

To conform with the undertaking requested in paragraph 3 above, I shall be pleased to receive your agreement with this and I suggest that you may prefer that this should officially be signed at the ECO Headquarters, 19 Chester Square, London S.W.I., by a representative of the Italian Embassy when at the same time you could present the nomination of your future representative.

I further enclose draft copy of the ECO Statistics Working Party Form 10 setting out the data to be regularly submitted. In this connection, your dealings with the European Coal Organization will, of course, be in cooperation with UNRRA, and I am informed that the Division of Fuels in the UNRRA Italian Mission will be glad to render you advice and assistance on any matter which is not perfectly clear.

I am aware of the extent of the financial contribution which Italy will be expected to bear for the maintenance of the organisation, but I am sure you will receive fair and equal treatment from the existing 10 Member Countries at the next Council Meeting.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Doctor Alcide De Gasperi
President of the Council of Ministers
Italian Government, Rome

(MR 11)

1049 + 3016

(248)

I N C O M I N G M E S S A G E

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: WCI 43808 — Message Centre No: G/8677

Date Time of Origin: FEB 042301 Z — Date Time Rec'd: FEB 050930 Z

Precedence: ROUTINE

FROM: WAR CCS CITE OCAC

TO : MORGAN FOR PHOEG

INFO: ALCOM AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

UNCLASSIFIED.

This is CAL 1517. Refer LAC airgrams 139 and 140.
Coal requirements.
Para 1. On basis of locations of the combined coal committee for January and tentative allocations for February, no additional coal can be allocated to Italy. Requirements for Venezia Hyphen Giulia and Udine must be met from allocations made to other claimants for Italy. Request you consult Allied Commission and other interested agencies and recommend A division among the various claimants including Venezia Hyphen Giulia and Udine of the coal available to Italy from combined sources.
Para 2. Upon such determination, pending final approval of your requirements for Venezia Hyphen Giulia and Udine; shipment of2 months supply will be authorized.
Para 3. The January allocations and tentative February allocations by combined coal committee are as follows:

Claiment	Amount	Source
UNRRA	16.000 L/T	South Africa
UK Military	45.000 L/T	South Africa
United States Military	17.000 L/T	United States
UNRRA	432.000 L/T	United States.

AC DIST.

ACTION DIRECTION - ECON SEC 16
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BR)
(REQUISITION BR (10))

ADVANCE COPIES TO - COMMERCE SO 2

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IA 5/2

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

Precedence: ROUTINE

FROM: WAR CUS CITE CCAC

TO : MORGAN FOR FHCEC

INFO: ALCOM AND LONDON AREA OFFICE FOR WAR OFFICE FOR CIVIL AFFAIRS.

^^^^^^^^^^^^^^^^^^^^^^^^^^

UNCLASSIFIED.

This is CAL 1517. Refers LCC airgrams 139 and 140.
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UK Military	45.000 L/T	SouthAfrica
United States Military	17.000 L/T	United States
UNRRA	432.000 L/T	United States.

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AC DIST.
^^^^^^^^^^^^^^^^^^^^^^^^

ACTION DIRECTION - ECON SEC 18
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BR)
(REQUISITION BR (10))

ADVANCE COPIES TO - COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND UTILITIES SC 2
COAL DIV 1
TN SC 2

INFO: - CHIEF COMMISSIONER
EXEC COMM 2
CC BR EMB - CA US EMB - WSA ROME - MVTR
FILE

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ROMA/EC
A 5/2

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

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

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

7 February 1946

FEB 8 1946

Tel: 550

Ref: EB/15.12/0

Subject; Price of Coal

To : Chief Commissioner

I think you may be interested in the attached minutes of a meeting held to consider the price of coal, which developed into a general discussion of UNRRA and Italian Government economic policies.

HARLAN CLEVELAND
Acting Vice President

Incl: 1
(Minutes)

cc: Executive Commissioner
(1/Incl.)

See M.247 250.1.2.3

2440

sheet 6/2/46

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U N R R A

ITALIAN MISSION

M I N U T E S

of

MEETING ON ITALIAN PRICE POLICY
(With particular Reference to the Price of Coal)

--

Held in the Office of the
CHIEF OF MISSION

2 February 1946

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

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PRESENT

For the Italian Government:

Dottore Ugo La Malfa
Minister of Foreign Trade

Signor Matteo Lombardo
Undersecretary of Industry and Commerce

Avvocato Enzo Storoni
Undersecretary of Foreign Trade

Cavaliere Saponaro
Representative of Italian Treasury

Professore Aldo Fogliotti
Interministerial Price Committee

For the UNRRA Italian Mission:

Mr. S. M. Keeny
Chief of Mission

Mr. Harlan Cleveland
Deputy Chief of Mission for Bureau of Requirements and Distribution

Col. H. M. Walker
Chief of Division of Fuels

Mr. R. B. Scriven
Division of Fuels

Lt. Col. F. W. Tooby
Special Assistant,
Bureau of Requirements & Distribution

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MR. KEENY: This meeting follows the meeting of yesterday on a quite different subject, that is seed potatoes. It was agreed yesterday that the decisions taken yesterday would apply only to that one commodity, which may have a number of special features to it. On the other hand, there may be some principles which have been raised there which can be carried over to this new commodity. I take it that we can begin with the agreement that whatever price levels are determined, we want to have a single price system for goods that are sold. We went to work to that objective, recognizing the special problems of domestically produced coal and the different grades of coal, and that any decisions that we reach will start from that assumption. That, of course, does not mean that we necessarily agree as to what that price should be. That is the problem we have met to discuss. I for one am emphatically not an expert in the coal business, although I did work with Mr. Cleveland in Washington for a time in connection with the Combined Chiefs of Staff and the Combined Coal Committee, but we do have here, on both sides, experts, and I should like to suggest that they feel freer to speak than the seed potato experts seemed to feel yesterday. Yesterday we amateurs solved all of the problems and the experts sat quiet. I do urge that those of you who are experts in the subject should not hesitate to bring up all the practical problems that are involved in order that we may get a decision which will result in our getting as much coal and the best type of coal distributed in the best possible system. We are all working together to that end and at our preliminary discussion which we held this morning, we discovered a number of points that we want to stress to the United States that we hope will help indirectly in getting the necessary power and the proper qualities of coal at this end. Our problem today is a difficult one, but it is all part of the whole great problem of how to get enough coal of the right kind for Italy at the right prices. This part of the discussion should fit in with the whole problem that we will have to face within the next month. As our special responsibility for supply, I personally feel, and I think all of the rest of UNRRA/AC staff feel, that we are getting too low a grade of coal. We want to get a better grade of coal. We want to get more coking coal. We want to pay less freight and we want coal to come with greater regularity. We are working on those problems from our side and will do all we can. Our problem today, however, is what to do with the coal we do get after it has arrived at the ports, as far as pricing it is concerned. I am going to ask Mr. Cleveland to conduct the meeting from here on as a problem of his Bureau and I'll try to keep quiet part of the time.

MR. CLEVELAND: Well, I think first we ought perhaps to review some of the general considerations that we touched on in considering the question of seed potatoes yesterday afternoon. We consider that there are three types of UNRRA supplies. Let's call them type "a", "b" and "c" for purposes of simplicity. Type "a", those items which represent only a part of the total requirements of Italy; type "b", those which represent a major portion of Italy's requirements; and type "c", those which represent virtually the total amount of Italy's requirements. Now, I think we should start from the assumption, as Mr. Keeny mentioned, that

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we are both talking about the same thing; we are both talking about the total price system of Italy; that there is no disposition to want to have a double price structure - one price structure for UNRRA supplies and another price structure for Italy. Rather, the objective in this situation of potentially disastrous inflation in Italy is to use UNRRA supplies to the maximum possible extent to bring down the general price level in the country.

But in connection with the UNRRA supplies, I think we have to recognize that they are different in kind from a financial, and therefore from a price standpoint, from either the previous Allied imported supplies under the old Category A program or old Troop Pay program, and they are also different from other supplies which are brought in by the Government. The difference is this: that in the case of the old Military program, in thecase of the FEA program, in the case of the Troop Pay program, and in the case of the current purchases of 1946 by Sacerdoti, Signorelli, and other Italian purchasing agents abroad, all those purchases represent either a current or a contingent foreign exchange liability. The Italian Government either has to pay, or has to agree that at some future date it will have to pay, in dollars or sterling or some form of foreign currency. But UNRRA supplies arrive and are dumped over the side of the ship, and at that point they cost the Italian Government nothing, either currently or prospectively in the future. They are really gratis supplies for the first time. In considering the pricing of supplies under previous programs that have come in through the Allied Commission, both the Italian Government and AC have been affected in their thinking by the fact of this current or contingent liability. Therefore we have tended to start as a point of departure from the landed cost and add to it the handling and transportation charges. The Government started and AC started with the landed cost, the cost at the port in Italy. The cost was a true cost and the Italian Government did have to pay. But now, on the UNRRA supplies, considerationsof landed cost are not as important as our objectives in terms of the internal price system.

The basic objective of price policy in Italy talking in general terms rather than only of coal, is to produce a stable and lower price level, which will be able to stand on the same ground with international prices sometime during the next few months or a year. I take that as a fundamental assumption, something that both the Italian Government and UNRRA wish to see achieved in Italy. In terms of this distinction between categories "a", "b", and "c", obviously a commodity in the first category - items that represent only a small part of the total supply - cannot have a very important effect on the price of the total amount of that commodity that is available in Italy. It was that kind of a case that we had yesterday in connection with the seed potatoes, where you averaged the UNRRA amounts into the total amounts coming from all sources and got a uniform price. In the case of coal, we have a product of which the UNRRA supplies next month will represent virtually the total imported supplies -- that is the loadings next month, the receipts the following month -- March arrivals. Now because of the small domestic production of coal in Italy, it results that about five-sixths of the total supply of the coal in Italy

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for March or April will be UNRRA-supplied coal.

For this type of commodity, my own feeling is that the technique for arriving at a price, or at a schedule of prices for various grades, should be this: first, we should try to establish at what point we want the price of coal to be six months, eight months, nine months from now when the situation of the Italian international economy is considerably more stabilized than it is at present; and secondly, that we should establish the price now, not necessarily at that eventual price but with a view to arriving at the end of six or eight or nine months, whatever we take, at that internationally acceptable internal price. Now the implication of that - just as a trial balloon, as we threw two or three trial balloons up yesterday in the seed potato meeting -- would be something like this; to say, for example, that the Italian Government, internally not publicly, the Italian Government expected at the end of six or seven months the rate of exchange with other currencies will be, say 225. We therefore think that as of that time, coal should be selling in Italy for say, 4500 lire, plus the handling and distribution charges, instead of the present 21 or 26 plus, and that the price be fixed now. I don't think from a decision of that character it necessarily follows that you immediately jump the price of coal from 21 plus distribution charges to 45 plus distribution charges, but rather that you approach your eventual price gradually over a period so not, by a jump in such a basic commodity as coal, immediately to give rise to maladjustments in the whole industrial price system, which can only result in setting of inflationary prices in many other lines. The reason for this thought is the following: if you jump immediately to say 45, you then force the first processor who uses coal to jump the price of his product, and the second, because the first has jumped, has to jump his price, and so forth down to the ultimate consumer, the result of which is again a demand for increased wages, which are granted because they are justified in terms of an upward spiralling of the price structure on the industrial side, which in turn comes back into the distribution scheme to raise the cost of distribution, and which will eventually result in having to raise the 45 to 65, 80, and up; whereas if you start gradually, you may actually achieve the result of coming out eight or nine months hence with the price you now decide to be the desired eventual price, instead of six or nine months hence coming out with a situation in which the internal price level is still far above the level of international prices. That's simply as an example of this suggested technique for going about the pricing of supplies in the second and third categories - our "b" and "c" categories; I think we should now, against this background, hear in specific terms the proposal that has been discussed in the Government -- what it is proposed to do about the price of coal and when.

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MIN. LA MALFA: The price of coal should diminish in some months; also the price we make today, owing to the scarcity on the market. We cannot be in accord with the idea that the exchange rate of 225 should be arrived at gradually, but vice versa; but rather having a high price today, the cost of production, etc., everything should go down. Today we should have the highest price, owing to scarcity on the market. The projected increase in the price of coal is due today, from the first of February of this year, and Minister La Malfa explains that they have started rather from a different angle from which you started, inasmuch as they think that they would bring the price up to the realistic level of the cost of everything in Italy today in order to have it diminish gradually as time goes by. In other words, coal is due to cost less as the cost of other goods diminishes, and as a greater amount of coal is offered. Coal costs a good deal right now because there is very little of it, so that they would start from the opposite angle from which you have started and they would rather fix an adequate price now in order to avoid that the present price advantage should go to private firms and individuals, and rather diminish the price of coal as time goes by.

A consideration has been also taken concerning the destination of the coal according to the consumers. In other words, the coal which is going to be directly used by the consumers, such as coal allocated for production of heating, or for gas or for transportation, like railroads, remains at the original price, the same price, while the coal which is going to be used by industry is that which is going to be increased, because Minister La Malfa thinks in any case industrialists in their price fixings consider coal at the realistic level of prices in the country and they would be the only ones to benefit by that. The price of coal to be delivered to the first class of consumers, which means heating, gas, and transportation, remains at 2600 lire a ton, while the coal which is going to be delivered to industry has been brought up to 4500 lire.

MR. KEENY: I want to ask why February first was set for this change and are there any more limitations? I have never seen any document on this whatever, presenting the Government's point of view and classifications. I wonder if there is such a document.

MIN. LA MALFA: There is a document inasmuch as it is a resolution of the Price Fixing Committee. They intend to communicate to UNRRA but they have taken the resolution and they are going to communicate it now. It is a two-fold resolution to give coal at 2600 to the first class of consumers, and 4500 to the second class.

MR. CLEVELAND: Are those prices in effect at this moment?

MIN. LA MALFA: No. They are waiting for agreement with you, but the resolution has been taken and as soon as agreement is reached, it will be taken.

MR. KEENY: As far as UNRRA coal is concerned, the agreement for that, as for any other commodity, provides that we must review and agree on the prices and we have as yet nothing to consider until a document is presented to us;

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we haven't anything to work on. Is there anything more to the document than has been stated? Has the Minister told the whole story orally or are there other details to it? I don't want to comment until I know the whole story.

MIN. LA MALFA: This is a communication that he makes verbally today, but which can be made also in writing if you wish.

MR. CLEVELAND: This is rather a general point, I think, but the overall agreement between the Italian Government and UNRRA contemplates that on matters of policy affecting distribution of UNRRA goods, among which matters price is specifically mentioned in the agreement, these matters will be discussed and agreed between UNRRA and the Government ahead of time before decisions are implemented by the Italian Government. No procedure for arriving at such agreements has yet been adopted or communicated to us by the Italian Government, but whatever procedure it is, I would certainly hope it would not involve oral communiques on subjects as basic as the price of coal.

MIN. LA MALFA: Minister La Malfa says that the Italian Government have not taken a decision. They had to agree among themselves which price they would support in proposing it to the Allies, so they do not think that they have trespassed on any point of procedure, but rather prepared themselves to discuss the point. The intention of the Government concerning prices can be expressed in two different points. The first point is to assure a single price structure for every commodity, whatever its origin, and the second is this, that the chief consideration effecting price fixing policy is that the Italian Government is responsible toward UNRRA for filling up that fund which must be used for rehabilitation and reconstruction purposes; in addition, they must consider the eventual benefits that may accrue to the Treasury from fixing adequate prices in some commodities - that is, the Treasury may derive some benefit and pass it over to that fund. This has been mentioned by the Prime Minister in the letter to Mr. Keeny at the time of the signing of the agreement.

MR. KEENY: We do not wish to suggest that there has been any violation in the procedure they are using, but to request on major commodities when price changes are considered, that we have such communication in writing with the justification, with the reasons set forth so that we can study them and take them into account, and, so far as possible, see the reasons why the Government makes the recommendation. They may count on us then to agree wherever it is possible to do so, but we need to examine the proposal, first in relationship to the resolutions that we are bound to uphold for UNRRA in general, and secondly, to raise any practical questions of operation that may involve the problem in this particular country.

My second point is this: we understand from the Prime Minister's letter that the receipts from such sales will go to the fund which will be used for rehabilitation and reconstruction in the country, and that removed a doubt around which there was some legal question, namely, whether the receipts from UNRRA supplies might be used to subsidize exports -- but the Prime Minister's letter has reassured us on

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that point. We are therefore quite aware in raising the question which Mr. Cleveland has raised, we are arguing against ourselves in that we will reduce the amount of price sales if we keep the price low, but the issue we have to examine together is whether it is better to have a large lire receipt for other purposes of rehabilitation or reconstruction, or to keep the prices low and thus give whatever benefits we can directly in that way. That is the issue that we have to examine, and at the moment the point we are pressing is the danger of moving the prices upward at a time when labor, for example, is pressing for higher wages, because then we give the best argument to the people who are asking for more wages and the costs of living are higher. We are hoping that the policy that we work out will be such as to bring an influence for lowering prices as early as possible, and therefore we are asking for a thorough examination of the situation before we accept the proposal or a drastic upward swing in relation to prices.

MIN. LA MALFA: He agrees entirely with you when you say the real problem is whether we should have a substantial fund for relief and rehabilitation, gotten through higher prices, or a lower fund for relief, gotten through lesser prices, but the reason why the Government would prefer to keep the prices at the ruling market level are in the main these two: first, that if prices are fixed on the regular market, or realistic market level, it will not be necessary for the government to establish a complicated control system, because it will not be necessary with commodities being sold at the true prices they will fetch, no matter what their source. And that would also avoid fixing different prices for the same commodity, according to the source from which such commodities are coming. For instance, it will be possible for the Italian Government to sell at the same relative prices coal coming from Sardinia or from Poland or from UNRRA. The second reason is this, that if, say in six months' time, or whatever time it is, the assistance of UNRRA stops, the Government will have to adopt the regular market prices for coal without being able to get that convenient coal from UNRRA. In other words, the Government would have to adopt a policy different from the general trend of the international market. In six months' time on the international market, prices will be lower from what they are now, while the contrary would happen in Italy if Italy would adopt a low price now and would be compelled to adopt a higher price when UNRRA assistance ceased. He would consider it a risky policy to follow a different trend than the trend of the international market. In other words, the international market tends to lower the price, while the Italian Government would have to raise its price.

MR. KEENY: On the first point we stated before he came in -- our agreement with the necessity of a single price policy -- and we stated that UNRRA would be agreed to apply in the case of coal, as we did yesterday in the case of seed potatoes, the principle of putting together all the coal from various sources at the true prices and thus deriving an average price so there would be only one price system. I think we may start from the assumption that at least we will agree on that. The basic question here, when you are talking about world prices, is that the world price of coal for the quality we are getting, is about $6.00 or $7.00 a ton at shipside, or in that general neighborhood, and the

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price of coal delivered to a manufacturer in Milan, we'll say, at 100 to the dollar, is about $60.00 or $70.00 a ton - about ten times as high. When you are talking about returning to the world price of coal by raising it, frankly it seems to me we are going exactly in the opposite direction. The price of coal in Italy now at 100 to the dollar is about eight or ten times, and if you assume at 225 to the dollar, it is still four times the "conguaglio" price.

MIN. LA MALFA: He says that the cost of the freight is really one of the big problems because if UNRRA did not bring in coal, the cost they would pay for coal on ship side would be $20.

MR. KEENY: Of course the hope is that we won't need to bring coal from America long. You'll take $10.00 out of the price when you can bring it from England or the continent. But you can reduce it by only $10.00 and you still have an Italian internal price which is much higher than the world price. The central difficulty I see is that under this proposed consumers in Italy, which is a poor country with low earning power, would have to pay even more for the goods which are manufactured with coal, which is four or five times at least the world price. That can have only one effect on the price of living - to raise it even more in a critical time.

UNDERSEC. STORONI: That the Government had in mind when they came to think of the price for coal imported from abroad was really that they had to settle the price for coal produced in Italy. In other words, in order to put on a safe basis the companies producing coal in Sardinia or elsewhere, they had to fix the price of coal for the Sabolla coal at 3700, and the price of coal from Sardinia at 3400. It being the fact that they have fixed the price for that type of coal at so much, how, Avvocato Storoni asks, must they consider the price of coal imported from abroad?

MR.KEENY: I understand that the price is 34 and 3700 respectively at the mine? If, for example, you have 400,000 tons of coal at 2500 lire, and 100,000 tons at 3500, your average price covering at costs is still only 27, because the percentage of UNRRA coal is so high in proportion to the other. I don't see why, if less than 100,000 tons of coal cost 34 or 37, why the total for 500,000 tons needs to be 45. The total in my mathematics leads only to 27.

MIN. LA MALFA: The criterion which they would adopt is the following: that if the Treasury, by selling that coal at a higher price, gets a benefit, the fact that the Treasury takes in that benefit enables the Treasury to control all the market prices and to lower all prices because of a stronger position in regards to all the prices.

MR. KEENY: That is true only if the cost of goods sold, manufactured by the use of this coal, does not rise, but the minute that the resulting prices of the commodities which are made with the coal rise as a result of the rise in price of coal, that advantage is lost.

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MR. CLEVELAND: Just to add to that: the question seems to be between applying a deflationary technique to the price directly or applying it indirectly by trying to take currency out of circulation. The second technique has only a single effect. You take so much money out of circulation, period. Whereas in taking that currency out of circulation, you are raising the price of coal, which has a thousand and one effects along the line, the total effect of which is far more inflationary than the relatively small amount, 800 million - less than a billion lire - you can take out of circulation monthly through this device.

COL. TOOBY: I see a reflection of that thought in the Italian Government's decision to maintain the price to public utilities at 2600. It is a tacit recognition of this thought.

MIN. LA MALFA: The answer is this, that for public utility services it is possible to exercise a control which ensures that that coal is actually used for public services, while in the case of coal handed over to industry, it is never possible to control quite properly whether the low price at which that coal is given to the industry will be reflected in a lower cost of the products, and very likely the benefits will go only to the individual who gets the low prices. He insists on the advantages of the general deflation policy inasmuch as if the Treasury makes for a definite deflationary policy, it is felt in every section of the country automatically, while if low prices are only on certain articles, that is the end of the advantage. The advantage is felt only on these articles rotten through a low priced coal -- even recognizing that coal affects a lot of different kinds of products.

MR. KENNY: Ask him what happens when they start to spend the money so segregated?

MIN. LA MALFA: He points out that the Allied recommended a non-discriminatory policy on foreign trade, that is, recommended that the Italian Government not make differences in imports and exports in those countries. He would now apply the same policy internally by using a deflationary policy that benefits the whole country (through the Treasury), rather than benefiting simply those people who buy the particular commodity under consideration.

MR. KENNY: Does the argument hold true when we start to spend those lire? Ask him whether the deflationary effect doesn't end when we spend the money?

MIN. LA MALFA: His argument is briefly like this, that the Italian Government must in any case provide for certain items of reconstruction and rehabilitation, which are indispensible because the Italian Government must provide for rebuilding of railroads, houses and other similar activities and houses, etc., and they must allocate a certain amount of money for that purpose. When they do that, of course they must get the funds from somewhere, and either they must get them from taxes, or from printing of currency (which is an inflationary policy) or they may get part of them from the fund which is allocated for rehabilitation through the sales of

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UNRRA products. If they can get more through the Treasury from that fund, that makes for a deflationary policy and that is felt generally everywhere in the country.

MR. KEENY: What assurance do they have that if they raised the price of coal the manufacturer will not pass on the price to the consumer immediately in a country which is hungry for goods?

LA MALFA: The increase will be felt, of course, by the consumer, by the purchasers of those products; but on the other hand, the advantage felt by the Treasury will be also reflected on the whole country and that would be to the advantage of all of the community. He said if the Treasury is in a better position, the Treasury has a lesser pressure or weight on the consumer, and so the general condition of the country is made easier.

MR. CLEVELAND: I think we have two different kinds of problems. There seem to have been presented two alternative methods of deflating Italian currency, (1) to keep prices down, (2) to take currency out of circulation to the extent possible. With respect to that question, it seems to me that there is something of a gap between the function of UNRRA lire account as viewed by the Government and as we have been generally looking at it. We have generally looked at the lire account neither as primarily a stabilization fund, that is a fund that you don't pay out at all, nor as a substitute for the normal taxation that the Government should be levying on its citizens and should even be increasing in such an inflationary time as this. Now, I think if we raise the price of coal, we have an immediate and measurable effect on the increase of inflation in the whole economy. What Minister La Malfa has said in effect is that this effect is offset by the amount of money taken out of circulation. We should bear in mind, I think, two things; one is that the amount of money that will be taken out of circulation by this rise in the price of coal, or even by a comparable rise in the total range of UNRRA goods, will still not be very large in terms of the tremendous hoards of currency that are in fact in the country generally and not being used on the market, but being hoarded. It won't actually take enough out of circulation to have a big effect. The second point is that even if taking that currency off the market did have an important effect, we can't consider that it is really being taken off the market because a good part of it will start being spent again for relief and rehabilitation projects, as the agreement provides. So even if it were a stabilization fund, it wouldn't be an important one; but it isn't a stabilization fund.

At this point I'd like to get back to a suggestion by which we can perhaps work this thing out so we won't be here all night. It seems to me that our best technique for developing a price for coal now is first to decide at what point we think the price of coal in Italy should be or will be, say eight months hence, because eight months hence the UNRRA supplies be virtually at an end. Now Minister La Malfa himself said in his earliest remarks that there will be a number of factors operating during those eight months to bring the price of coal down; freight costs will go down; supply costs will go down; you will start to get coal from Poland and Germany, England or other sources. It seems to me that will bring down the price

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certainly lower than $20.00; maybe considerably lower; maybe so much lower that even at "conguaglio" rate coal won't cost much more than it does now. But in any case, we should try to make a guess at that price eight months hence and then set our price now as a step in arriving at that price eight months hence. If we decide eight months hence coal should be selling at 3000 lire, as an example, it would be suicidally inflationary to set it now at 4500, because in an economy such as this, with great quantities of currency hoarded, the problem of getting the price down is tremendous, while the problem of sitting on it while it goes up is a much easier thing to do. But once it is up, it is probably lost.

GEN. LA MALFA: The general problem, to put the matter in an even more general way, not to speak of coal but about everything, supposing the index for prices is now, or at the moment when the war is finished, at 100 and that we foresee that in six months' time it will go down to 60. If we adopt at present prices corresponding to the level of 100, we will go down gradually to 60 by bringing gradually into the Treasury the financial advantage which will be realized gradually as the prices go down. But if we want to establish right away the index of 60 instead of waiting for it to go down naturally, it simply means that the Treasury is going to lose the financial advantage in the sloping down of prices and that advantage will be gotten by private firms.

COL. WALKER: The price of coal at the end of eight months should be about $15.00 laid down in Italy.

MR. CLEVELAND: About 3375 at the "conguaglio" rate, assuming that the "conguaglio" rate will be the rate of exchange.

MR. SCRIVENS: From the Rhine, UK or U. S.

MIN. LA MALFA: It is all a question of the impossibility of controlling second sales. If you give coal at a lower price to an industrialist, there is no way of making sure that he will simply not adopt for his product the ordinary market price, and the last consumer would not pay the price in spite of the industrialist's having coal at lower price. For instance, he said if we were to sell tires at UNRRA prices, which are much lower than the ordinary price on the market, the first purchaser would undoubtedly get the benefit, but after a few days nothing would prevent him from re-selling at the regular market price.

MR. CLEVELAND: I don't think he has the distinction between those items where UNRRA supplies virtually the total amounts enough to glut the market and those cases like seed potatoes and tires. That is quite a different case. Obviously a few tires can't control the market, but 400,000 tons of coal can.

MR. FUGLIETTI: Fifty-one per cent of the total coal will, after all, be sold at 2600 lire, because it is sold for public services, and that is out of the question, but for the rest, forty-nine per cent of the coal will

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have to face the natural competition of all types of fuels which are produced in Italy and the fact of having good imported coal at a low price to a limited number of industrialists would raise a sort of competition or race between the individual to get assignment of imported coal at low price instead of other types of coal at a higher price.

MR. CLEVELAND: It might also bring down the price of other fuels. If the coal imported from abroad were in sufficient quantity, automatically prices of all other coals would go down, but since it is not in sufficient quantity --

MR. KEENY: This we had out at the beginning because we would recommend an averaging of prices on imported coal. We'd agree on a total schedule.

MR. FUGLIETTI: He was referring to lignite also.

MR. KEENY: We had agreed to all of that. Lignite and Sardinian coal is a small part of the whole, and to set the price of a major amount by the small amount is to defeat your purpose. We would agree that there should be a single set of prices in which cheaper grades would bring cheaper prices on the market. That we stated. That should be dismissed as a problem and any price we agreed upon, if we agreed that the price should be 3500 for imported coal, the other might be 3000, whatever the figure might be. There would be no justification for selling poorer coal at a higher price. What is the total local production?

COL. WALKER: 100,000 tons in terms of hard coal.

MR. FUGLIETTI: When they refer to locally produced fuel they do not mean only coal, but they mean also lignite and wood, which is largely used, and even nut shells, all sorts of everything that can be burned is on the market now as fuel. That would be so high in cost as to make the cost of coal very little.

MR. KEENY: May I ask whether the advice of the American and British Embassy economic advisors has been sought and what has been their reply?

GENERAL: No.

MR. KEENY: The reason I ask, since our funds are limited in time, and since loans are being asked from these countries, or will be asked, I presume that they have a very particular interest in this problem, in addition to being members of UNRRA, as a possible source of loans. It would be our desire to have a price policy which would encourage them to make loans. On my first question, before we reach a firm decision, I should feel very much firmer in making an UNRRA recommendation if I knew it was supported informally by our economic advisors. We have been asked to seek such advice on major questions of policy and should like the opportunity to do so.

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One further question. Our policy, I take it, would depend upon the probability that the official rate of the lire will be changed and if so, when. That is the question which we may not wish to discuss here, but I think we ought to have the fullest information privately as to the intention of the Government on that point before we make our decisions on major commodities, because if the rate of the lire were changed to the "conguaglio" rate some of our discussion would be academic, though even then it would be a question of policy whether it would be wise if the "conguaglio" rate were changed tomorrow whether you should move immediately to the "conguaglio" rate. The effect on prices and markets would need to be examined with the greatest care unless the representatives of the Government are prepared to say that they are not making a determined effort to hold down prices. That is the crux of the matter, whether along with the other purposes, such as getting money into the Treasury, we are also asking a determined effort to hold down prices as long as possible against the strong trend in the other direction. I say that with the greatest possible concern because in my own experience of relief work, which dates back to the end of the last war, I have been a participator, or at least a spectator, of three major currency disasters - Germany, Poland, and Soviet Russia - and the arguments which have been produced here tonight bring up many memories to me.

MIN. LA MALFA: He says that really prices on the market are higher in proportion to the "conguaglio" rate and the "conguaglio" rate has been selected not as a higher level, but really as a level lower than the prices on the market, and it acts as a brake on the prices. In fact, he said in spite of the adoption of the "conguaglio" rate, prices have not raised. Rather, most of the prices are lower than they were after the adoption of the rate.

MR. CLEVELAND: It hasn't had any effect yet. It hasn't applied to any transactions yet.

MIN. LA MALFA: He says that prices have not increased, but have diminished because at the rate of the "conguaglio", the price of textiles will be even cheaper than the actual market price and so, in other words, present prices cannot be affected by the "conguaglio" because if a man through the "conguaglio" is able to import goods, for instance textiles, those textiles he will be able to place on the market at a lower price than the actual market prices. The prices here are affected by the fact that Italy is absolutely isolated from all markets and which is suffering very severely from war damages, so these prices are so exceptionally high. At a certain point, when they come down because of the importation of goods from abroad, they will meet with the level established by the "conguaglio" rate. It will be just a meeting point between the sloping down of the prices and the level fixed.

MR. KEENY: My fear about that line of thinking is that since Italy is completely dependent on foreign markets and can get coal only with foreign credit, until that credit is established, that is wishful thinking.

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LA MALFA: He repeats his point that we must deal with reality, which are really exceptional prices. They are just what they are and if we start fixing our prices at a low level, we will simply transfer the advantage for that concession to individuals rather than to the State.

MR. KEENY: Let me state, so there will be no confusion, that UNRRA is entirely in sympathy with the desire not to let UNRRA commodities benefit only a few private individuals. As a basic policy we are together there. The contradiction I find in the discussion is the assumption that the business man is a bad man under one set of circumstances and a good man under another set of circumstances. I think you must assume, to follow the line of realism, that he will seek the maximum profit under any circumstances, including the higher-price circumstances, and that the problem is not met by any other method than putting ceiling prices on. The other is essentially playing with the problem. That's a matter which the Government must face.

MIN. LA MALFA: He says there is already an automatic ceiling which industry enforces. Coal is absorbed by industry up to a maximum price and not beyond it. The business man will pay so much and no more. If you give coal at a lower price, he will take it but in his price figures he will use the figures of the market price for his product.

MR. KEENY: I regret that I shall have to leave now, but I have been setting down several proposals with Mr. Cleveland. We have a suggestion that might continue and complete this discussion as quickly as possible.

MR. CLEVELAND: Well, there are first two or three things on which there have been agreement. First, that there should be one price level. Second, that there should not be a rise in the price of coal to Government agencies and public utilities, but the rise we are talking about applies only to sales to industries. Third, that in order to come up with a policy decision as between the Italian Government and UNRRA, which takes into account the wishes and opinions of the countries on whom the Italian Government must depend for filling up the rest of the import program, it would be useful to consult the Embassies and have with them a part of the discussions leading to a decision on this question. In addition, we would like to propose three things. (1) that we assume that as of, say October 1, 1946, we expect and want a price of coal not more than the "conguaglio" equivalent of $15.00, that is 3375 lire.

MIN. LA MALFA: He wants to say that not only on the first of October but even now and with variations to follow every few months prices should be set which are equivalent to the "conguaglio" rate.

MR. CLEVELAND: Our second proposal is that a sub-committee be appointed between the Government and UNRRA to work out a recommended price. The third proposal, which related to Minister La Malfa's remarks, is that the terms of reference of this committee be to recommend a price at present for coal, that does not exceed the price which we expect will be the price

2439

1765

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

on October 1, 1946.

AVV. STORONI: He would like to know if that price is established, which means that say coal from Sardinia or Ribalia will have to be paid less than the good coal coming from abroad, who is going to pay for that? Is it going to be the UNRRA fund or the Italian Government fund?

MR. CLEVELAND: It's the Italian Government in either case.

MR. KEENY: I think that is a good question. I would like the sub-committee to work on that one. Off hand, I should say if we raise the total average price enough to cover that, then the subsity to the domestic producers should be taken from the UNRRA fund. I don't see that we can avoid that. That's my off-hand thought.

MR. CLEVELAND: It would mean adopting stabilization activities of this kind as one of the functions of the UNRRA fund.

MR. KEENY: Subject to legal opinion, I should think it would be fair to deduct it from the UNRRA fund.

COL. TOOPY: I think an immediate reservation ought to be made. Provided of course, the cost of production doesn't immediately go up in response to such a decision.

MR. KEENY: If this proposal is satisfactory, who meets when and where. On Monday? . . . . . Monday at five.

MR. KEENY: As many as are needed for the discussion and in the meantime, perhaps we can assemble additional facts to lay before this group. There are a number of matters here as to costs, etc., that should be brought forward, should be supported with additional facts, if we can, from both sides and bring together any additional technical data that will enable us to work as a technical committee. May I, as home work, suggest that all members of the Government and our own group re-read Resolution No. 7, which presents the problems that we have to face in reporting to our own bosses.

MEETING ADJOURNED AT 7:45

1766

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

5016 RR.

Ey. Command,

236

JEC/13
031130 A

G/8633
FEB 4 09[illegible]

JOINT ACCOMIO COMMITTEE NEAR 13 CORPS
ACTION AMCG CITE FLEIG
INFO: AIGCM

ROUTINE

FEB 4 [illegible]

SECRET

SECRET

SUBJECT ANSA COAL. P AND V FERRARESE TRIESTE HAS REQUESTED TRANSIT LICENCE FOR 3000 TONS COAL VALUE 12 BILLION LIRE TO INDUSTRIA VARIE LEGNANDIA AND PIE CITE. BELIEVED THIS MAY BE CONSIGNATION DEAL FOR ELECTRICAL EQUIPMENT (SIEMENS) AGAINST COAL. IN VIEW OF JUGO-SLAV REFUSAL TO FURNISH REASONABLE QUANTITIES ANSA COAL TO THIS AREA IN SPITE OF ALL PREVAILING REPORTS, THIS DEAL IS CONSIDERED HIGHLY UNDESIRABLE. PRICE IS VERY EXCESSIVE AS USUAL QUANTITY INSIGNIFICANT IN OVERALL COAL SITUATION. AMG HAS NOT YET ASCERTAINED WHETHER THIS INDIVIDUAL AND FIRM HAS APPROVAL OF ITALIAN GOVERNMENT. REQUEST YOUR RULING ON WHETHER THIS AND SIMILAR TRADE JUSTIFIABLE EITHER THROUGH ZONE A VENEZIA GIULIA OR DIRECT TO ITALY, IN VIEW BREAKDOWN OF PREVIOUS NEGOTIATIONS. AIGCM INFORMED.

AC DIST

INFO/ACTION: ACCM SEC (A)

INFO : CHIEF CO MISSIONER

AE COMMISSIONER

FILE

SKELETON

SECRET

See M. 237 & 238 & 247-250 & 251-253

CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Mendq [illegible] unciphered even in Cipher O.T.P. need not be [illegible] used). (Messages marked

HEADQUARTERS 1 FEB 1946 2429

(MAJ H) Clerk 4/2/46

5016 & 5049

235

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

FROM : HQ ALCOM

1 February 1946

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WAROF (LONDON) FOR SLAC SECRETARIAT AFHQ FHGEG

Ref.No.: 819

UNCLASSIFIED

This is MOC 497.

Subject is RCL

1. Italian Government request allocation of 50,000 tons of coal from Yugoslavia.

2. ALCOM recommend this allocation be made.

Copy to : Economic Section

Precedence : ROUTINE

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

Tel.No. : 478192

Originator's Signature : (MAJ..S.K.I. SAUL)
Deputy Director

DISTRIBUTION

ACTION DIRECTION : Econ Sec 18
(CSO (6))
(Supply Gr.)
(Program Br.)
(Requisition Br.10)

2426

ADVANCE COPIES TO: Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tn SC 2

INFO : Chief Commissioner
Exec Comm 2
CC BR EMB
CA US EMB
WSA Rome
MWTR
Fil

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

This is MCC 497.

Subject is RCL

1. Italian Government request allocation of 50,000 tons of coal from Yugoslavia.

2. AICOM recommend this allocation be made.

Copy to : Economic Section

Precedence : ROUTINE

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

Tel.No. : 478192

Originator's Signature : (M.J..S.K.I. SAUL)
Deputy Director

DISTRIBUTION

ACTION DIRECTION : Econ Sec 18
(CSO (6))
(Supply Gr.):
(Program Br.)
(Requisition Br.10)

2426

ADVANCE COPIES TO: Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tn SC 2

INFO : Chief Commissioner
Exec Comm 2
CC BR EMB
CA US EMB
WSA Rome
M*TR
File

seen on file 4049/EC

PA 2/2

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

1769

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

5016

234

HQ ALCOM

1 FEB 1945

(1) ACWAR FOR JCS FOR JPAC FOR CLAC

(2) WAROF (LONDON) FOR SLAC SECRETARIAT
(3) AFHQ FOR FHGEC

UNCLASSIFIED

819

THIS IS MOC 497 SUBJECT IS RCL

PARA ONE PD ITALIAN GOVERNMENT REQUEST ALLOCATION OF FIFTY

THOUSAND TONS OF COAL FROM YUGOSLAVIA PD

PARA TWO PD ALCOM RECOMMEND THIS ALLOCATION BE MADE PD

Copy to: Economic Section

Routine

Commerce (Foreign Trade) Sub-Commission

478192

G.J. LEONE
CWO, USA
Asst. Adjutant

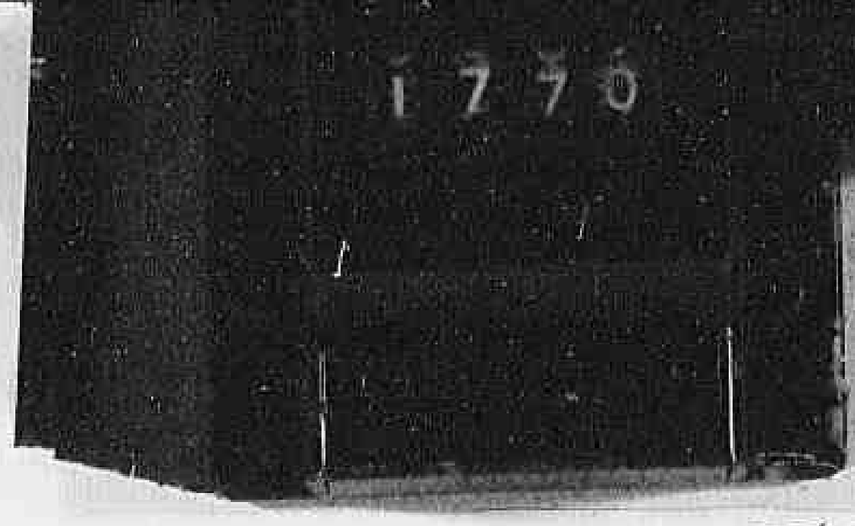
S.K.I. Saul, Major, R.A.
Deputy Director.

Copy to CC

(MAJ H. Spokk 2/2/45

3427

PA Spokk 4/2



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

232

2 1115 January 46

NAVAL MILITARY ATTACHE

(1) [illegible]

(2) (A) NAVAL OBSERVER NEW DELHI

SUB: [illegible]

REFERENCE: [illegible]

[illegible]

Office of Origin

NAVAL OBSERVER - Ind. & Mo. C/O

Authentication Procedure: (1) [illegible] (2) [illegible]

Code, Naval Attache

C.of.C. [illegible]
CNO USA
ARMY [illegible]

Skelt 30/1/46 327

see 229

2526
PA
4/2

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

5016 — Executive Commissioner 231.

HEADQUARTERS ALLIED COMMISSION
INDUSTRY AND UTILITIES SUB COMMISSION
FUELS DEPARTMENT
COAL DIVISION
APO 595

Tel : 303 PWO/vb

Ref : AC/CD/136.5/I. & U. 26 January 1946

JAN 28 1946

Subject : Coal for Civilian Hospitals.

To : Italian Ministry of Industry and Commerce.

216

1. Attached is copy of cable received through channels from American Consulate General in Genoa.

2. This matter was dealt with by Major R.T. Harris, our representative in Northern Italy, at the time the telegram was originated.

H.M. WALKER
Colonel
Coal Division.

Copy to :-
— Executive Commissioner. —

1 Incl.:-
copy cable from
Prefetto Carboni Genoa.

see ff 216–220

2425

pfx sheet.

sheet 29/1/46

(BOARD H)

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

5016 / 90 230

URA 6/931
221620Z

C/7983
JAN 24 1115A

PRIORITY

JUL 25 1946

ACC/ C/110 FROM ACC

ALCON ROME

INFO: BRITISH EMBASSY ROME

RESTRICTED.

REFERENCE YOUR REQUEST THATITALIAN GOVERNMENT HAVE SOME FORM OF REPRESENTATION ON EUROPEAN COAL ORGANIZATION. EUROPEAN COAL ORGANIZATION HAVE FULL AGREEMENT OF/US GOVERNMENTS HAS DECIDED ITALY AMONG OTHERS TO BE REGARDED AS ASSOCIATED COUNTRY IN RELATION TO ECO AND THAT ITALIAN GOVERNMENT BE INVITED TO SEND REPRESENTATIVE TO ATTEND ALLOCATION MEETINGS OF ECO FOR PURPOSE PRESENTING ITALIAN REQUIREMENTS IN CONSIDERATION WITH OTHER REPRESENTATIVES.

UNDERSTANDING IN PARA 2 ASSUMED YOUR REQUEST MADE ON BEHALF OF ITALIAN GOVERNMENT AND LATTER WILLING UNDERTAKE TO KEEP ECO FURNISHED WITH ALL RELEVANT INFORMATION ON ITALIAN COAL SITUATION IN SAME WAY AS MEMBERS AND OTHER ASSOCIATED COUNTRIES.

PLEASE CONVEY INVITATION TO ITALIAN AUTHORITIES AND OBTAIN UNDERTAKINGS IN PARA 3 AND NAME OF REPRESENTATIVE.

REF ALLOCATIONS MEETING MINISTRY FUEL AND POWER LONDON JANUARY 29, 1946 HOLRD.

AC DIST

ACTION: ACON ROME 4

INFO: CHIEF COMMISSIONER

AL COMM 2

FILE 2

FLOAT

BRADFORD ITIS
24 JAN 946
D. C.

See 212

2424
PA Staff

(MAJ H) Staff 2/1/46

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

5016 229 Ext Comm

FR/AUM/1 G/7851

JAN 221545 A JAN 230915

IMPORTANT

Q PIEMONTE REGION AMG SIGNED JORDAN

ALCOM (COAL SECTION) COPY TO INDUSTRY SUB COMMISSION EXECUTIVE COMMISSIONER

UNCLASSIFIED.

Fiat Plant, Torino, biggest employer of labour, about 60.000, faces a total shut down on account of no coal. Ministry of Industry at Rome reports no allotment of coal available for this plant, due to reduced imports. Request strongest action by Allied Commission in cooperation with Ministry of Industry, to make available 10.000 tons per months in order to keep plant in operation. Total shut down of Fiat would have serious political and economic effects. 5 days supply of coal now on hand. Waiting reply for action taken.

AC DIST.

ACTION: INDUSTRY & UTIL SC 2

INFO: CHIEF COMMISSIONER
EXEC COMM
ECON SEC 2
FILE 2
FLOAT

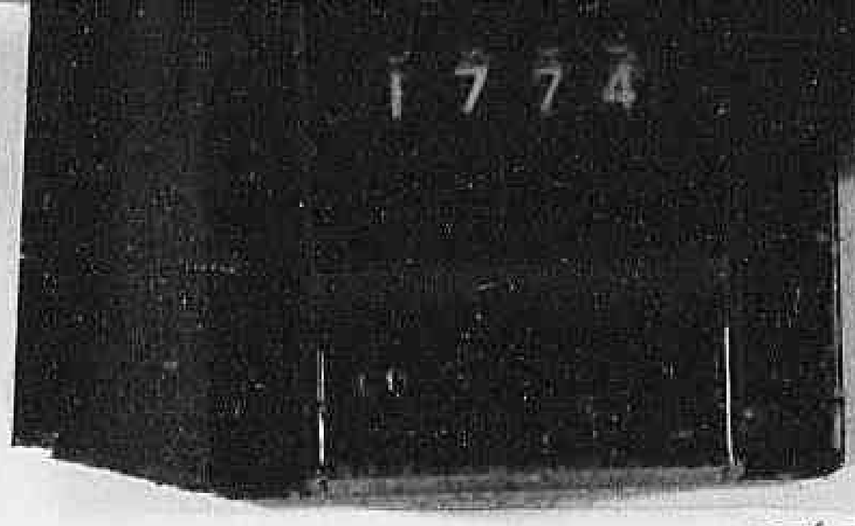
HEADQUARTERS
23 JAN 1946

2423

See 232

Sketch 24/1/46

(MAJ H)



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

3016 84

227

RESTRICTED

RESTRICTED

HEADQUARTERS ALLIED COMMISSION

MOC AIRGRAM 139: 20 January 1946

TO : Combined Civil Affairs Committee
(for Combined Liberated Areas Committee)
30-866 Pentagon Building
WASHINGTON, D.C. (15 cys)

SUBJECT : Italian YB Coal Program - November 1945.

1. Attached Report shows imports and distribution of coal loaded in United States during October and shipped against the Italian YB Coal Program for November 1945.

For the Chief Commissioner :

HARLAN CLEVELAND
Acting Vice-President
Economic Section

Enclosure:
Coal shipment against Italian
YB program for November 1945.

DISTRIBUTION

The Directorate of Civil Affairs War Office, Whitehall, London S.W.I.	15 cys
AFHQ G-5, APO 512	5 cys
Br. EMBASSY, ROME	5 "
AM. EMBASSY, ROME	5 "

ALLIED COMMISSION:

Industry & Ut. S/C	10 cys
Economic Section	10 "
Requisition Branch	4 "
Chief Commissioner	1 "
Executive Commissioner	1 " ✓

See M.22422

(MAJ H)

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

COAL SHIPMENTS AGAINST ITALIAN YD PROGRAM FOR NOVEMBER 194[illegible]

(All figures in Long Tons)

No.	VESSEL	LOADED	PORT OF DISCHARGE	DATE DISCH. COMPLETED	ALLOTTED TO: CIVIL Elect.	CIVIL Gas	CIVIL Ind.	MILITARY U.K.	MILITARY U.S.	Railways	Venezia Giulia	Medloc	TOTAL
101	Edward E. Spafford	Baltim.	Savona	Nov. 1945			8235						8[illegible]
122	R.J. Reynolds	Phila.	"	8 " "	285	824	7245						9[illegible]
78	Roda Seam	Pensaco.	Genoa	9 " "	120	1127	7005	30		932			[illegible]
79	Linton Seam	"	"	20 " "				1205		808		394	6[illegible]
87	Jewel Seam	Mobile	"	24 " "			9649						[illegible]
88	La Salle Seam	"	"	25 " "			9772						[illegible]
86	Chilton Seam	"	"	2 Dec. "			9694						1[illegible]
85	Vernon L. Kellogg	"	"	18 " "		4974	611			2540			[illegible]
96	George Ade	Baltim.	)Bagnoli	28 Oct. "		857	2358						[illegible]
			(Cvecchia	4 Nov. "		4620	510						[illegible]
114	Opale	"	)Palermo	15 " "	1550	570	20			220[illegible]			[illegible]
			(Catania	26 " "	853	154		100		32[illegible]			[illegible]
89	Philip C. Shera	Mobile	)Bari	26 " "		895	776	321		2275			[illegible]
			(Ancona	4 Dec. "			993	833		2137			[illegible]
77	John Marshall	Pensaco.	Venice	22 Nov. "			7411		840				[illegible]
99	Elijah Kellogg	Balti.	"	29 " "			8350						[illegible]
97	Royal S. Copeland	"	"	1 Dec. "			5478	3027					[illegible]
98	Stephen Furdeck	"	(Tricste	1 " "				2500			5840		[illegible]
			)Venice										
					2808	14621	78107	8016	840	21407	5840	394	13[illegible]

Total Bid (Civil)	420,000 (excluded Venezia Giulia)
Total Set up	420,000
Total shipped and Received	131,433
Shortfall	288,567

1778

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

COAL SHIPMENTS AGAINST ITALIAN YT PROGRAM
FOR NOVEMBER 1945

(October loadings)

Tons)	LOADED	PORT OF DISCHARGE	DATE DISCH. COMPLETED	ALLOTTED TO :- CIVIL Elect.	Gas	Ind.	MILITARY U.K.	U.S.	Rail-ways	Venezia Giulia	Medloc	TOTAL	B/L
ford	Baltim.	Savona	1 Nov. 1945			8235						8235	8235
	Phila.	"	8 " "	285	824	7245						8354	8354
	Pensaco.	Genoa	9 " "	120	1127	7005	30		932			9214	9214
	"	"	20 " "				1205		808		394	9686	9686
	Mobile	"	24 " "			9649						9649	9649
	"	"	27 " "			9772						9772	9772
	"	"	2 Dec. "			9694						9694	9694
ogg	"	"	18 " "		1974	611			2540			8125	8125
	Baltim.	Bagnoli	28 Oct. "		857	2358						3215	8345
		Civecchia	4 Nov. "		4620	510						5130	
	"	Palermo	15 " "	1550	570	20			2201			4341	8683
		Catania	26 " "	853	154		100		3235			4342	
a	Mobile	Bari	26 " "		895	776	321		2275			4267	8230
		Ancona	4 Dec. "			993	833		2137			3963	
	Pensaco.	Venice	22 Nov. "			7411		840				8251	8251
	Balti.	"	29 " "			8350						8350	8350
and	"	"	1 Dec. "			5478	3027					8505	8505
k	"	Trieste	1 " "				2500			5840		3340	8340
		Venice											
				2808	14021	78107	8016	840	21407	5840	394	131433	131433

il)	420,000	(excluded Venezia Giulia)
	420,000	
and		
	131,433	
	288,567	

T2563

926

1777

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

1049 1 5016 40 V0 225

OUTGOING MESSAGE
HEADQUARTERS ALLIED COMMISSION

JAN 18 1946

FROM : HQ ALCOM 17 January 1946.

TO : AGWAR FOR CCS FOR CCAC FOR CLAC WAROF (LONDON) FOR CABINET SECRETARIAT ARMA FHQ.G

Ref.No: 325 UNCLASSIFIED

This is MCC 472.

1. Subject is coal requirements Italy/Sicily period March/July. Request Cabinet Secretariat pass to UK and US members of ECO for information. Request CCS pass to CLAC and FE.

2. US military requirements are included for information only and have been agreed with CG MTOUSA by whom formal requisition will be made.

3. British military requirements agreed with GHQ, CMF ACTION TROOPERS.

4. Civil requirements Venezia Giulia/Udine included for info only. Formal requisition has been made by AFHQ to CCAC.

5. These requirements should be regarded as firm for March lift. Subsequent months subject to revision.

6. All tables read

A Type of coal
B British military requirements
C US military requirements
D Civil requirements excluding Venezia Giulia/Udine to be furnished from UNRRA funds
E Civil requirements excluding Venezia Giulia/Udine to be furnished from other sources
F Civil requirements Venezia Giulia/Udine
G Total.

2420

All in thousand of tons.

(Mass H). sent 19/1/46

PA 19/1

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

7. March lift for April arrival.

A	B	C	D	E	F	G
Locomotive	35	8.5	94.5			138
Steam			254.5	55	12.8	322.3
Coking coal			70	20		90
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	35	8.5	550	100	17.8	711.3

March loco includes 15 for British and 3 for US miscellaneous military uses.

8. April lift for May arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	116	10		165
Steam			273	60	12.8	345.8
Coking coal			80	20		100
Producers Gas			50	20		70
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	600	125	17.8	781.8

April loco includes 13 for British and 24 for US miscellaneous Military uses.

9. May lift for June arrivals.

A	B	C	D	E	F	G
Locomotive	32	7	126			165
Steam			303	40	12.8	355.8
Coking coal			80	10		100
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	650	75	17.8	781.8

May loco includes 13 for British and 2 for US miscellaneous Military uses.

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

10. June lift for July arrivals.

	B	C	D	E	F	G
Locomotive	32	7	126	30		195
Steam			353	50	12.8	395.8
Coking coal			110	20		130
Producers Gas			50	10		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	700	125	17.8	881.8

June loco includes 13 for British and 2 for US miscellaneous military uses.

11. July lift for August arrivals.

	B	C	D	E	F	G
Locomotive	32	7	96	60		195
Steam			243	140	12.8	395.8
Coking coal			90	40		130
Producers Gas			40	20		60
Anthracite			1			1
Gas coal			80		5	85
Bunker coal				15		15
Total	32	7	550	275	17.8	881.8

July loco includes 13 for British and 2 for US miscellaneous
Military uses.

Precedence :Prioroty
Office of origin:Industry & Utilities S/c Coal Division
Tel.No. :332
Originator's Signature : Col.H.M. Wicken

2419

DISTRIBUTION

ACTION DIRECTION:
Econ Sec 18
(CSO (6))
(Supply Dr.)
(Programm Dr)
(Requisition Dr.1)

ADVANCE COPIES TO:
Commerce SC 2
Finance SC
Food & Agric SC 2
Ind Util SC 2
Coal Div 1
Tn SC 2

INFO:
Chief Commissioner
Exec Comm 2
CC SR EMS
C. Us EMB
WSA Rome
Mo Tn
File

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

5016 Ad

223

HEADQUARTERS
LIGURIA REGION
ALLIED MILITARY GOVERNMENT
A. P. O. 394

8 October 1945
JGS/DO/23

166 Vol II

Dear Brigadier,

Reference your 5016/EC dated 29 September 1945.

I have replied officially to your letter about coal distribution. I have been into the matter very fully, and it seems that the whole thing has been rather exaggerated.

Evans came to see me about it when he was here and I, of course, was not then fully in possession of all the facts.

I would like to stress the fact that no blame whatever should be attached to my Industry Officer, Major Wilson, or to any of the Provincial Industry Officers acting under his orders.

An allotment has recently been made for the production of metallurgical coke in the Ansaldo works here, but it does not appear that any thought was given as to the distribution of the gas resulting therefrom. It has been arranged for it to be diverted into the local gas main, thereby making a supply of gas available for some 30,000 people in the poorest and most difficult part of the town. I hope that that is not considered naughty too.

Yours sincerely
Geoffrey Selby.

Brigadier M.S. Lush, C.B.E., M.C.
Executive Commissioner
Headquarters, Allied Commission

2419

TA/J. 17.

(ESO)

1781

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

5016 Cpl

Ex Commr

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

221

Ref. ES/3.20

RSB/eg

11 January 1946

JAN 11 1946

SUBJECT: European Coal Organization

TO: Ministry of Foreign Affairs
Italian Government
ROME

212

1. Reference your 6/5119/3223 of 15th December 1945.

2. The meetings of the European Coal Organization on 4 and 6 December 1945 were attended by Col. H. M. Walker, Chief of the Coal Division this Headquarters. Dr. Ivan M. Lombardo, Under-Secretary for the Ministry of Industry and Commerce, arrived in London on 5th December, one day too late to attend the Allocation Proposals Committee meeting on 4th December. He did attend the Council meeting on 6th December.

3. In regard to future meetings of European Coal Organization it is understood that Dr. Mastrocinque has been nominated by the Ministries of Transport and of Commerce and Industry to be attached to the Italian Embassy in London to look after the Italian interests. The arrangement we think is sound.

4. In connection with the January meeting of the ECO this headquarters has sent Mr. R. S. Soriven, who will also act as an advisor to UNRRA at the meeting of the Allocations Proposals Committee. Dr. I. M. Lombardo was to have been sent as representative of the Italian Government, but as you may know he was unable to attend. Mr. Soriven was then asked to discuss with the Italian Embassy in London the question of another representative, if such was thought necessary.

166 NR

5. Further reference is made to your letter 44/20135/53 of 21 September addressed to Admiral Stone, to his interim reply thereto of 30 September, concerning Italian representation on the Emergency Economic Committee for Europe, and to your letter 3/1759 of 3 October on the subject of the Agricultural Conference in Brussels. With respect to the general issues presented on the question of Italian Government membership or representation on the various European Committees (EECH, ECO and European Central Inland Transport Organization), it is felt that definite and continuing progress has been made since as you know Italian technical advisers have been invited to attend various meetings.

2417

6. For your further information, please be advised that the Allied Commission has recommended to the United States and British Embassies in Rome that the Italian Government should be given full membership on [illegible], ECO, and ECITO as soon as possible, and that meanwhile your Government be afforded full opportunities of representation by non-member observers and technical advisers, as appropriate.

(MAJ H) 5/ADK 12/1/45

See M. 222
F 249

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice President

1782

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

Ref: 5016/220/MC. 14 January 1946.

SUBJECT: Coal.

TO : Economic Section.

Reference the attached correspondence, this is passed to you for appropriate action.

F. H. McCLEARY

Lt. Colonel,
Acting Executive Commissioner.

Incls.

See S 231

Bdl 27/4.15 B NARS CAP

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

5016 SD

219

8 January 1946.

JAN 10 1946

218

My dear Mr. Ambassador:

Thank you for your letter of 5 January in which you enclosed a copy of a letter from the American Consul General at Genoa concerning the petition recently made by Italian officials in Genoa to the Allied Commission for a larger allottment of coal for civilian hospitals in Liguria.

Sincerely yours,

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

H.E. Hon. Alexander Kirk,
American Ambassador,
Via Veneto 119,
Rome.

See F220

RA 1/1

CC Ex Com 2/4
Econ Sec
Civil Affairs Sec

Admin Econ Sec.

(MAD H) spoke 1/11/46

1784

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

218

COPY.

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

ROME. 5 January 1946.

My dear Admiral,

I am enclosing for your information a copy of a letter from the American Consul General at Genoa expressing his sympathy with a petition recently made by Italian officials in Genoa to the Allied Commission for a larger allotment of coal for civilian hospitals in Liguria.

Sincerely yours,

(sgd) A. Kirk.

Enclosure.

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

2413

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

217

COPY

814.3 - LLS;td

American Consulate General
Genoa. December 19, 1945.

The Honorable Alexander C. Kirk,
United States Representative,
Advisory Council for Italy,
American Embassy,
Rome.

Sir:

The enclosed telegram requesting a larger allotment of coal for civilian hospitals in Liguria has been signed by the Governor of the Province of Genoa, the Mayor of this city, the President of the Chamber of Commerce, the Commissioner of Genoa Civilian Hospitals and the Vice President of the Association of Coal Dealers and sent to the Ministry of Industryc and Commerce as well as to the Allied Commission in Rome.

I am fully in sympathy with the petition and believe that the small quantity of coal needed could not be better employed than for the purpose stated.

Any support that can be given the petition will be greatly appreciated.

Respectfully yours,

(sgd) Lester L. Schnare.
American Consul General.

2112

Enclosure:
Copy of telegram
as mentioned above.

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

216

COPY

ALCOM FOR INFO AGCOL

ROME

PRESENT LIMITED ALLOCATION CIVILIAN HOSPITALS DONT ALLOW NOT ONLY VERY REDUCED HEATING BUT NOT EVEN REGULAR NECESSARY SERVICES FOR OPERATIONS STERILISATIONS ETC STOP PAINFULLY STRUCK SERIOUS CONSEQUENCES AND DANGER PUBLIC HEALTH RECOMMENDATION KIND INTERVENTION TO IMPROVE TRAGIC POSITION HOSPITALS USING WINTER EMERGENCY RESERVES OR ANY OTHER MEANS STOP ESTIMATE NECESSARY INCREASE AT LEAST FIFTY PER CENT PRESENT ALLOCATIONS DISREGARDING HEATING SERVICES WHICH SHOULD REQUIRE EVEN HIGHER INCREASES STOP RELYING YOUR AID THANKS

PRETETTO MARTINO
SINDACO FARILI
CAMERA COMMERCIO MANZITTI
SPEDALI CIVILI ALBITES
AGECARBONI MATTEUCCI

2411

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

MINISTERO AFFARI ESTERI 5016. 76 2/15

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: Sardinian Coal.

1. The Italian Embassy in Washington reports that, owing to miners' strikes, the U.S. coal deliveries to Italy will be greatly curtailed during the next month. Upon advice of the American Authorities the Embassy suggests to possibly utilise the Sardinian coal stocks.

2. It has been ascertained that about 70.000 tons of coal are ready for shipment at S.Antioco (Sardinia) for the lifting of which only ships up to 6000 tons can be employed, the S. Antioco harbour facilities preventing the use of larger vessels.

3. The Italian Authorities have repeatedly unsuccessfully pleaded for the release from the pool of such ships.

4. In consideration of the severe repercussions which the shortage of coal could have on the Italian industry, the Ministry for Foreign Affairs should be grateful to the Allied Commission if they would kindly make representations to possibly convince the U.S. Authorities not to decrease the present level of their coal exports to Italy, recommending at the same time to the competent Allied Authorities that a sufficient number of suitable colliers be released from the pool to ship the Sardinian coal to Italy.

Rome, January 7th, 1946.

H Liberties authorized to make Trips between Sardinia & mainland. SPOTT

JAN 9 1946
Ex. Com's DISTRIBUTION.
ACTION - ECON. SEC (TMN 5/C)
INFO - C.COM.
Ex. COM.
2420

SPOTT 9/1/46

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

5016

RESTRICTED

Ey. Comm.
214

FX57303
280958A

G/6335
DEC 281700
ROUTINE

MTOUSA CITE NAGDS SIGNED COMGENMED
PBS ROME AREA COMMAND INFO ALCOM US EMBASSY ROME

DEC 28 1945

RESTRICTED

In confirmation verbal instructions from G-4 MTOUSA, heating coal for state department offices and billets can be requisitioned temporarily from U S Military stocks by U S Embassy, Rome. This exception to supply directive number 79, 1945 (MTOUSA) granted until coal can be imported on yoke tare project for such use. Requisitioning and payment should be accomplished between U S Embassy and US procurement and contracting officer, Rome Area Command RAC to obtain replenishment of said coal from PBS

AC DIST

INFO ACTION: INDUSTRY & UTIL S/C (FUEL DIV)
INFO: CHIEF COMMISSIONER
EXEC COMMISSIONER
ECON SEC 2
ESTAB SEC
FILE 2
FLOAT

2409

RESTRICTED

SPAA 29/12/45
(MBJ H)

31/12

1789

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

DUPLICATO

5016 Gab

(12)

f/519/321

Ministero degli Affari Esteri

DEC 17 1945

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: "European Coal Organization".

1. Reference is made to the Allied Commission's note 55/15.5/O. of 22 September 1945. 162

2. It has been reported to this Ministry that during the last meeting of the European Coal Organization, the presence of Italian Delegates in the future meetings of the organization has been discussed.

3. As it is known, col Evans, of the Allied Commission, attended the last meeting of the a/n organization, and the Ministry for Foreign Affairs would appreciate it greatly if the Allied Commission could let them known what decisions have been taken as to the possibility of Italy being represented by her own delegates to said organization.

Roma, December 15th, 1945

See 1.30

MIN. DEGLI AFFARI ESTERI

2468

Segnalato a Econ Sec

Econ. 213

(MAJ H)

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

TRANSLATION 5016 SP

HEADQUARTERS ALLIED COMMISSION
Industry and Utilities Sub Commission
Fuels Department
Coal Division
APO 394

Tel : 427

Ref : AC/CD/136/I&U

Subject : Allocation of coal.

To : "Sagitta" - Milan.

RHHB/bv

13 December 1945

DEC 17 1945

We are directed to acknowledge receipt of your letter dated 31 October addressed to Admiral Ellery Stone.

Since this Headquarters is not performing single allocations of coal, we have passed your letter to the Ministry of Industry and Commerce of Rome.

Therefore, please, arrange for the forwarding in the future of all correspondence on the above subject to the Ministry of Industry and Commerce - Mining and Industry Department - Coal Office - Via Flavia, Rome.

H.M. WALKER
Colonel
Coal Division

Copy to :

Chief Commissioner
Executive Commissioner
Economic Section.

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

210.

HEADQUARTERS ALLIED COMMISSION
INDUSTRY AND UTILITIES SUB COMMISSION
FUELS DEPARTMENT
COAL DIVISION
APO 394

Tel : 427 NHHB/bv

Ref : AC/CD/136/I.& U. 13 December 1945

Oggetto : Assegnazioni di carbone.

Alla SAGITTA - Milano.

Desideriamo accusare ricevuta della Vostra lettera in data 31 Ottobre indirizzata all'Ammiraglio Ellery Stone.

Dato che questo Quartier Generale non si interessa delle singole assegnazioni di carbone abbiamo passata la Vostra lettera al Ministero dell'Industria e Commercio, Roma.

Tutta la corrispondenza riguardante le suddette assegnazioni dovra' essere inviata da Voi al Ministero dell'Industria e Commercio - Direzione Generale Industria e Miniere - Ufficio Carboni - Via Flavia, Roma.

H. M. WALKER
Colonel
Coal Division.

Copy to :
Chief Commissioner
Executive Commissioner
Economic Section.

2407

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

5016 (4)

2094

27 November 1945.

NOV 27 1945

My dear Mr. Murray:

I can sympathize with your feeling that you were given a "run-around" on the coal story which appeared in the Italian press on the 22nd, but I assure you that this was not intentional. The difficulty arose largely because of divided responsibility. As you know, AC did issue the statement on the 25th.

The Allied Commission would be going beyond its powers in providing alleged "facts" on a case now under investigation by the appropriate police authorities. The reference to police authorities was made on our part in good faith; if the Italian police and the Allied Provost Marshal are unwilling to say any more at this time it may be assumed that their investigations have not reached a point where they have any "legitimate news" to release.

I must ask you to accept my assurance of AC's good faith in this matter even though circumstances prevented our giving the press the "break" which I know, as correspondents, you feel you are entitled to.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. J. Edw. Murray,
United Press Associations,
Via della Mercede 54,
Rome.

2404

PA
28/11

cc Ex Com

(Miss S) ADB 28/11

1793.

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

18 5016 40 EXEC Comm. 206

INCOMING MESSAGE

Originator's Reference

Date/Time of origin NOV 162330 SA

Message Centre No G/3811

Date/Time of Origin NOV 171400

Precedence ROUTINE

NOV 19 1945

FROM THEATER SERVICES FORCES (MAIN) SIGNED LEE CITE SOGDS

TO AFHQ INF: TO ALCOM (AFHQ RADIO PLEASE PASS)

199

RESTRICTED.

Subject coal for ITALY. Reference FX 52641, 10 November 1945.

Conference LONDON regarding expediting coal deliveries to ITALY agreed following: 1. Delivery some coal from RUHR to ITALY be arranged if possible as ITALY expected to furnish rail wagons and locomotive (nonavailability rolling stock precludes this movement). 2. Arrangements made for november loadings c UNITED STATES to ITALY in excess of allocations with possibility that November and December loadings make up November arrival shortfall. 3. Priority requested to relieve situation. 4. Considereing action taken and as loadings resumed 1 November diversion of BELGIUM civil program ships not favored.

see M 207.

AC DIST

INFO ACTION IND & U. SC 2
INFO CHIEF COMMISSIONER
EX.COM 2
ECON SEC 4
REQUIS BR 10
C.C.BR EMB
C.CUS EMB
TN SC 2
FINANCE SC
FILE 2
FLOAT

2403

HEADQUARTERS 10 NOV 1945 A.G.C.

PA 20/11

(CAPT CRAYDONE)

5016 -40

I C O M I N G M E S S A G E

2054

Originator's Reference — Message Centre G/3745

Date/Time of Origin 131425 B — Date Time Rec'd Nov 170845

Precedence ROUTINE

FROM: AFHQ

NOV 13 1945

TO: RERCOMB TO TROOPERS, INFO: USFET ETOUSA ALCOM AFHQ (PASS to ALCOM) ARGUS 167 FOR CCLB.

RESTRICTED.

1. My immediately following telegram is paraphrased repition of message no FK 51066 timed 302004 A. We would comment as follows:

(A) The standard of industrial production envisaged in Italy seems to be much higher than is possible here. Coal emergency is such that we cannot admit possibility of unemployment as consideration to be taken into account. We are consuming negligible amounts of coal for cement and brickmaking and there is virtually no textile production. Domestic heating for civil population has been ruled out. We suggest therefore that claim for an additional 200,000 tons cannot be admitted to whole.

(B) If it decided to send any coal ex Germany to ITALY it would be treated as andexport and paid for in dollars.

2. We are at present unable to move all the coal raised in the RUHR and problem is therefore one of trasport. There are 2 possible ways of getting coal from RUHR to ITALY:

(A) By rail movement southward through American zone.

(B) By diversion of sco coal now loading at RHINE ports for export by scf to liberated countries.

2462

3. Suc regards 2 (A) there is serious coal famine in American zone due to short fall in deliveries in September and October, and We are obliged to use all trasportation facilities available southwards to relieve this shortage and to maintain essential supplies to AUSTRIA. Any attempt to carry heavier loads on transport available would prejudice these supplies, even if additio-

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

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2462

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4. Our views herefore is that alternative 2 (B) is only practicable means of trasporting coal from RUHR. It must however be un=

HEADQUARTERS
NOV 1945
A. C.

(CAPT BRAYBROOKE)

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

G/3745

derstood that this coal can only be moved down the RHINE at the expense of coal at present being moved for the liberated countries and not in excess of it.

5. Third possiblity might be to export coal now at sea ex U S A (USA) for BELGIUM to ITALY. If this were done however it should not be able to increase our shipments to belgium to compensate until locos and rolling stock could be provided from ITALY which we estimate would take 2-3 weeks. I must emphasize that coal situation in western zone of GERMANY is very critical and that limiting factor is lack of transport.

AC DIST

ACTION ECONOMIC SEC 2
INFO CHIEF COMMISSIONER
EX COMM
TRANSPORT SC 2
COAL DIV
INDUSTRY SC 2
FILE 2
FLOAT

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

1798

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

5016 ff

203

Ref: Your C/228

16 November 1945

NOV 16 1945

202

My dear General: 195

I was very glad to receive your letter of 9 November in reply to mine of 31 October on the subject of the provision of coal for civilian consumption in Italy.

I appreciate very much the efforts you have made to secure German coal to meet Italian civil needs. While I understand that transportation difficulties have made it impossible to arrange for immediate shipments of coal from the Ruhr, I have asked my staff to continue to make every effort to conclude arrangements along this line. Although coal loadings from the United States are now picking up again, shipments of such large quantities across the Atlantic are both expensive and uneconomical; therefore we are anxious to tap the German resources as soon as possible.

Incidentally, I am assured that recent surveys indicate sufficient port capacity to handle the increasingly large intake of United States coal.

Your prompt action to help us get over this difficult period is appreciated. I am grateful for your assurance of continued support.

Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Lt General Sir William D. Morgan
K.C.B., D.S.O., M.C.
Supreme Allied Commander, Mediterranean Theater
C.M.F.

2461

PA 19/11 B

(CAPT BRAYBROOKE) elB 19/11

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

COPY

203

ALLIED FORCE HEADQUARTERS
Office of the Supreme Allied Commander
C.M.F.

C/228. 9th November, 1945.

My dear Admiral, -195

I must apologise for the delay in answering your letter of 31st October on the subject of the provision of coal for civilian consumption in Italy.

Your suggestion was that I should draw the attention of the Combined Chiefs of Staff to the gravity of the situation. It seemed to me, however, that I could add nothing to the telegram which the Combined Chiefs had already received from you, and that I could help more effectively by attempting to tap the resources of the Ruhr. Accordingly, telegrams were sent to the Allied Control Commission in Germany, and I understand that their reaction has been favourable and that substantial help from that source may materialise.

I am also very glad to hear that the loadings in America subsequent to the month of October are expected to be such as to pick up a large amount of the backlog, though I appreciate that there may be difficulties in handling this very large intake. My Staff are watching the situation, and will do everything they can to assist.

Yours sincerely,

/s/ W. MORGAN

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

Sa 203

2120

1799