

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

785017

ACC

10000/109/1179

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

785017

10000/109/1179

CHEMICAL FACTORY, CESANO
DEC. 1945, JAN. 1946

has been

These are kind of suggested copies of cards
because should not be sent to hand from the 2. Can be

Yes, 1 agree.

14/1

See 6.14

Chief Commissioner.

Attached is submitted for your ~~signature~~ ^{approval} case.
information

V.P. Econ Sec recommends no interference by A.C.
But makes no case in economic grounds. Land cover S. 9/10/44
done so. Persons under American license are been every night

E.C. Econ. Sec. must state this case
is writing.

31 X 11

V.P. Econ. Sec.

Please see minute 11 above - would appreciate
if you could put up a letter about Cecano chemical
factory.

8. 1/1

12.

Executive Commissioner

What there is of our case is stated in
Minute 8. He just said it's something there.
Italian Gov't should settle within itself. There
is however no substantive reason for keeping the 2:78
plant in business.

July 1944

3/1/44

EC. Econ. Sec. must state this case
in writing.

3/11

12.

V.P. Econ. Sec.

Please see minutes & above - would appreciate
if you could put up a letter about Coano chemical
factory.

B. 1/1

13.

Executive Commissioner

What there is of our case is stated in
Minute 8. We just think it's something the
State Gov't should settle within itself. There
is however no substantive reason for keeping the
plant in business.

2/78

of the plant

Chief Commissioner

16.

2477

Approval
Attached in submitted for your signature use
information

Ref you have 11, please see him 9 and 13.

EC. 17

Original add-memoire detached

for use

ms cc

Ex. (am.)
Ref. folio 6 benvenuto Aile Memoire

for < c

2475

20/12

Chief Commissioner.

Attached is submitted for your information/signature/approval.

Aide memoire non troffo in fascicolo su 6 m. (top)

2475

175 (20/12)

MINUTE NO. 3

2474

TO: Chief Commissioner (Hon. Exr. Commissioner) 27 December 1945

1. The conflicting requirements of the Ministry of Industry and Commerce and the War Ministry for the chemical factory at Cesano had previously been considered in the Economic Section.
2. From the standpoint of the rehabilitation of the Italian chemical industry it appears that the Cesano plants are not of vital economic importance. From the standpoint of use as a military establishment this Section is not competent to judge the merits of the case.
3. In view of the provisions of PAN 487, it would appear that the decision as to whether the plants be disposed to the Ministry of Industry and Commerce ~~and~~ to the War Ministry is an appropriate one to be taken by

Chief Commissioner.

Attached is submitted for your information/signature/approval.

Aide memoire non troffo in fascicolo submitted

2475

178 (25/12/45)

MINUTE NO. 8

2474

TO: Chief Commissioner (Hon. Ecc. Commissioner): 27 December 1945

1. The conflicting requirements of the Ministry of Industry and Commerce and the War Ministry for the chemical factory at Cesano had previously been considered in the Economic Section.
2. From the standpoint of the rehabilitation of the Italian chemical industry it appears that the Cesano plants are not of vital economic importance. From the standpoint of use as a military establishment this Section is not competent to judge the merits of the case.
3. In view of the provisions of FAN 487, it would appear that the decision as to whether the plants be disposed to the Ministry of Industry and Commerce ~~sent~~ to the War Ministry is an appropriate one to be taken by the Italian Government. It further appears that intercession by the Chief Commissioner in an effort to influence the decision is not justified.
4. Therefore it is recommended that the inclosed AIDE MEMOIRE be not sent by the Chief Commissioner.

C. L. M.

Please see 8 above; 200. See views.

24/12

Harlan Cleveland
 HARLAN CLEVELAND
 Acting Vice President

28/12

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner

JAN 12 1946

A I D E M E M O I R E

Chemical Factory - GESSANO

1. I am very concerned at the situation which has arisen at GESSANO regarding the ownership and future activity of the Chemical Factory there. I appeal to you to arrange that the land and buildings concerned shall pass under the control of the War Ministry and become an integral part of the Italian Army Central Military Training Schools. This will involve the complete dismantling and removal of the existing civilian plant. There is a long history to this chemical factory the gist of which is as follows:

2. Following the Allied Force Headquarters decision that five Combat Division of the Italian Army should be prepared as quickly as possible, a Combat Reinforcements Training Centre was established at GESSANO about August 1944.

At that time the Chemical Works were not required as part of this Training Centre. It was, however, a matter of concern to Allied Military Government that a mustard gas plant, fully equipped for the production of poison gas should not continue to exist, and immediate action was taken to initiate the dismantling of the plant.

3. On 22 December 1944 the War Ministry were informed that control of the Chemical Factory was to pass to the Allied Commission, who would distribute the chemical plant, after dismantling, for civilian use as agreed with the Ministry of Industry, Commerce and Labour. Inspired, no doubt, by motives of personal gain, the firm IMPRESA CONINETTO has for over a year put every obstacle in the way of realising this intention. It was alleged that the War Ministry retained control, and on the 26th May 1945, the War Minister was required to give an assurance that the plant had been placed unreservedly at the disposal of the civilian department concerned. This assurance was given on 13 June 1945.

4. By the beginning of October 1945 it was apparent to me that, looking ahead to the requirements of the future Italian Army, the whole of the premises would be permanently required by the War Ministry and should be immediately adapted as part of the accommodation for the central military school. On 9 October 1945, the War Ministry was requested to take appropriate action. In reply they gave an assurance that so far as machinery under their control was concerned action would be taken. Arrangements were made for the provision of the necessary decontamination clothing and stores and the work of dismantling of the Chemical Plant began in earnest for the first time.

5. The War Ministry, however, pointed out that control of the plant rested with the Ministry of Industry, Commerce and Labour, who had been asked by the War Ministry to make direct provision for the dismantling of the remaining machinery. Not only

2473

See L. 16.7.45

PA 1411
CH

(11)
has no such action been taken but on 3 December 1945 a fresh appeal was made by the Ministry of Industry and Commerce for the reactivation of the Chemical Establishment. Certain technical comments on this application were made, upon request, by the appropriate authorities in my Headquarters.

6. From these comments it is perfectly clear that there is no need in fact whatever to retain the Chemical Plant as an economic necessity. They prove clearly the obstructive tactics of the Ministry of Industry, Commerce and Labour, prompted, I suggest, by the firm IMPRESA CORNETTO, who built the plant under the Fascist regime.

7. From the purely military point of view it is impossible that a small civilian venture should continue in the middle of what is designed to be the training ground of the future Italian Army. As you know, a major aspect of the project to produce a new and efficient Italian Army is to centralise all training around GESSANO. The Chemical Plant buildings are needed now. Their physical presence will stultify any development or expansion in the future.

The recruits training at GESSANO will see and be in direct contact with workmen earning a much higher rate of wages. Civilian influence, possible subversive, will have a wide open door into military activity. From the discipline and morale aspect therefore I consider the presence of this relatively minute civilian industry a definite menace to the future of the new Italian Army via its "cradle" at GESSANO.

8. To sum up:

(a) After more than one year's effort, the necessity for having a purely military set-up at GESSANO continues to be obstructed and stultified by the actions of the Ministry of Industry, Commerce and Labour probably prompted by the firm IMPRESA CORNETTO, leaders of the Chemical Industry under the Fascist regime.

(b) The claim that the retention of the Chemical buildings and plant at GESSANO are necessary for Italian Economy does not bear a moment's investigation.

(c) Militarily, it is essential that GESSANO be a purely military enclave.

(d) The Ministry of War (who are in agreement with my Headquarters) are in conflict with the Ministry of Industry, Commerce and Labour. Therefore we and you (for our own as well as ITALY's good) must intervene.

(e) If we do not take action now, effort and money will be wasted in endeavours to rehabilitate this uneconomic plant and present us with a fait accompli. We must therefore act with all speed and while we have control, before the matter becomes further complicated and involved.

9. I have stated this case in the strongest terms because I feel such are necessary. I request you Mr. Prime Minister, to put an end to this most unsatisfactory business as soon as possible.

8279

CONFIDENTIAL AND URGENT.

DEC 17 1945

SUBJECT: Chemical Factory - CESANO

Land Forces Sub-Commission, AC
(M.H.I.A.)

Q.162

17 December 1945

Headquarters, ALLIED COMMISSION.
(for Chief Commissioner)

1. I am very concerned at the situation which has arisen at CESANO regarding the ownership and future activity of the Chemical Factory there. I appeal for your strongest help in my recommendation that the land and buildings concerned shall pass under the control of the War Ministry and become an integral part of the Italian Army Central Military Training Schools. This will involve the complete dismantling and removal of the existing civilian plant. There is a long history to this chemical factory the gist of which is as follows.

2. Following the A.P.H.Q. decision that five Combat Divisions of the Italian Army should be prepared as quickly as possible, a Combat Reinforcement Training Centre was established at CESANO about August 1944.

At that time the Chemical Works were not required as part of this Training Centre. It was, however, a matter of concern to A.M.G. that a mustard gas plant, fully equipped for the production of poison gas should not continue to exist, and immediate action was taken to initiate the dismantling of the plant.

3. Under this H.Q. reference AQ/8 of 22 December 1944, the War Ministry were informed that control of the Chemical Factory was to pass to Industry Sub-Commission, A.C., who would distribute the chemical plant, after dismantling, for civilian use as agreed with the Ministry of Industry, Commerce and Labour. Inspired, no doubt, by motives of personal gain, the firm DUPRESA CORNETTO has for over a year put every obstacle in the way of realising this intention. It was alleged that the War Ministry retained control, and under reference Q/24 on the 26th. May 1945, the War Minister was required to give an assurance that the plant had been placed unreservedly at the disposal of the civilian department concerned. This assurance was given under War Ministry reference 24236/44 of 13 June 1945.

4. Industry Sub-Commission, A.C. continued to press for the dismantling and removal of the plant and, on the 3rd October 1945, a meeting took place on the ground between representatives of Industry Sub-Commission, A.C., Ministry of War and Ministry of Industry, Commerce and Labour. At this stage it was apparent to me that, looking ahead to the requirements of the future Italian Army, that the whole of the premises would be permanently required by the War Ministry and should be immediately adapted as part of the accommodation for the central military schools. Under reference Q/24/4 dated 9 October 1945, I instructed the War Ministry to take appropriate action. I

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concerned shall pass under the control of the War Ministry and become an integral part of the Italian Army Central Military Training Schools. This will involve the complete dismantling and removal of the existing civilian plant. There is a long history to this chemical factory the gist of which is as follows.

2. Following the A.P.H.Q. decision that five Combat Divisions of the Italian Army should be prepared as quickly as possible, a Combat Reinforcement Training Centre was established at CESANO about August 1944.

At that time the Chemical Works were not required as part of this Training Centre. It was, however, a matter of concern to A.M.G. that a mustard gas plant, fully equipped for the production of poison gas should not continue to exist, and immediate action was taken to initiate the dismantling of the plant.

3. Under this H.Q. reference AQ/B of 22 December 1944, the War Ministry were informed that control of the Chemical Factory was to pass to Industry Sub-Commission, A.C., who would distribute the chemical plant, after dismantling, for civilian use as agreed with the Ministry of Industry, Commerce and Labour. Inspired, no doubt, by motives of personal gain, the firm IMPRESA CORNETTO has for over a year put every obstacle in the way of realising this intention. It was alleged that the War Ministry retained control, and under reference Q/24 on the 26th. May 1945, the War Minister was required to give an assurance that the plant had been placed unreservedly at the disposal of the civilian department concerned. This assurance was given under War Ministry reference 21236/44 of 13 June 1945.

4. Industry Sub-Commission, A.C. continued to press for the dismantling and removal of the plant and, on the 3rd October 1945, a meeting took place on the ground between representatives of Industry Sub-Commission, A.C., Ministry of War and Ministry of Industry, Commerce and Labour. At this stage it was apparent to me that, looking ahead to the requirements of the future Italian Army, that the whole of the premises would be permanently required by the War Ministry and should be immediately adapted as part of the accommodation for the central military schools. Under reference Q/24/4 dated 9 October 1945, I instructed the War Ministry to take appropriate action. I enclose a copy of this letter as Appendix "A". In reply the War Ministry under reference 22265/II dated 15 October 1945, gave an assurance that so far as machinery under their control was concerned removal action would be taken. I arranged for the provision of the necessary decontamination clothing and stores and the work of dismantling of the chemical plant began in earnest for the first time.

5. The War Ministry, however, pointed out that control of the plant rested with the Ministry of Industry, Commerce and Labour, who had been asked by the War Ministry to make direct provision for the dismantling of the remaining machinery. Not only has no such action been taken but a fresh appeal has been made by the Ministry of Industry and Commerce for the reactivation of the chemical establishment. This was made under reference 8143 dated 3 December 1945, to Economic Section, A.C. I have obtained from Industry Sub-Commission, A.C. certain technical comments on this application which I attach at Appendix "B".

Sheet 2/.....

(cse)

-2-

5. (Cont'd) From this, it is perfectly clear that there is no ~~case~~ ^{in fact} whatever to retain the Chemical Plant as an economic necessity. ~~It~~ ^{has} proves clearly the obstructive tactics of the Ministry of Industry, Commerce and Labour, prompted, I have not the slightest doubt, by the firm DEPRESSA CORNETTO, who built the plant under the Fascist regime.

6. From the purely military point of view it is impossible that a small civilian venture should continue in the middle of what is designed as the ~~Italian ALIANCE~~ ^{Italian ALIANCE} of the future. As you know, a major aspect of the project to produce a new and efficient Italian Army is to centralise all training around CESSANO. The Chemical Plant buildings are needed now, Their physical presence will stultify any development or expansion in the future.

The recruits training at CESSANO will see and be in direct contact with workmen earning a much higher rate of wages. Civilian influence, possibly subversive, will have a wide open door into military activity. From the discipline and morale aspect therefore I consider the presence of this relatively minute civilian industry a definite menace to the future of the new Italian Army via its "cradle" at CESSANO.

7. To sum up:-

- (a) After more than one year's effort, the necessity for having a purely military set-up at CESSANO continues to be obstructed and stultified by the actions of the Ministry of Industry, Commerce and Labour, prompted without any doubt by the firm DEPRESSA CORNETTO, leaders of the Chemical Industry under the Fascist regime.
- (b) The claim that the retention of the Chemical buildings and plant at CESSANO are necessary for Italian Economy does not bear a moment's investigation. ~~The claim is a complete "hoax".~~
- (c) Militarily, it is essential that CESSANO be a purely military enclave.
- (d) The Ministry of War (who are firmly of my opinion also) are up against the Ministry of Industry, Commerce and Labour. Therefore the Prime Ministry and the Allies (for their own as well as ITALY'S good) must intervene.
- (e) If we do not take action now, effort and money will be wasted in endeavours to rehabilitate this uneconomic plant and present us with a fait accompli. We must therefore act with all speed and while we have control, before the matter becomes further bogged in the morass of procrastination and evasion.

8. I have ~~written~~ ^{written} in the strongest terms because I feel such are necessary. I request that you will take up this matter with the Italian Prime Minister equally strongly and urgently, to put an end to this most unsatisfactory business.

785017

7. To sum up:-

- (a) After more than one year's effort, the necessity for having a purely military set-up at CESSANO continues to be obstructed and stultified by the actions of the Ministry of Industry, Commerce and Labour, prompted without any doubt by the firm IMPRESA CORNETTO, leaders of the Chemical Industry under the Fascist regime.
- (b) The claim that the retention of the Chemical buildings and plant at CESSANO are necessary for Italian Economy does not bear a moment's investigation. ~~The claim is a complete bluff.~~
- (c) Militarily, it is essential that CESSANO be a purely military enclave.
- (d) The Ministry of War (who are ~~firmly of my opinion also~~) are up against the Ministry of Industry, Commerce and Labour. Therefore, the Prime Ministers and the Allies (for their own as well as ITALY'S good) must intervene.
- (e) If we do not take action now, effort and money will be wasted in endeavours to rehabilitate this uneconomic plant and present us with a fait accompli. We must therefore act with all speed and while we have control, before the matter becomes further bogged in the morass of procrastination and evasion.
8. I have ~~explained~~ in the strongest terms because I feel such are necessary. I request that you will take up this matter with the Italian Prime Minister equally strongly and urgently, to put an end to this most unsatisfactory business.

Major General,
M.M.I.A.

LB/oc

Copy to:- Industry and Commerce Sub-Commission, A.C.,
Economic Section, A.C.
12 P.L.U., CESSANO

Appendix "A" to MDA
Letter Q.162 dated
17 December 1945.

Subject: - Chemical Warfare Plant - Cesano Br no.

Land Forces Sub Commission A.C.
(M.M.I.A.) R O M E.
9/24/1

9. October. 1945.

To:-

Ministry of War.

1. I understand that a meeting was held on the 3rd of October at Cesano Romano to consider what future use should be made of the premises and to what extent peace-time production of chemicals should be permitted at the site.
2. I wish to make it perfectly clear to you that no form of commercial undertaking will be allowed in any of the buildings at this factory since the entire premises will be required to train the Italian Army. As you are aware, the factory has been thoroughly inspected both by officials of the Italian Government and of the Allied Commission for the purpose of deciding to what extent it is feasible or desirable that the chemical warfare plant should be or could be converted to peace-time production.
3. We regret to advise that the various plans that are being put forward have not been found satisfactory by the Allied Commission for various technical reasons. In addition to which it is clear that the plant, because of its poor layout and unfavourable situation as regards labour supply and markets, and, above all, because it is in conflict with our plans to create a major centre for the training of the Italian Army, can no longer be given further consideration regarding conversion.
4. As you are aware, Cesano Romano was built for the express purpose of producing chemical warfare gasses, such as Mustard Gas, Adamsite, Chlorine and Chlorosulfonic Acid (smoke screen), and that all other equipment in these premises are functionally related thereto.
5. Indeed, with the exception of the central steam boilers, and the facilities that are common to any chemical plant, such as electric main, water supplies, lighting fixtures, all of the plant, equipment and apparatus, must be considered as inherently part of the chemical warfare plant.
6. We, therefore, instruct you to see that all of the buildings at this factory be completely evacuated of their contents, except for the general facilities last mentioned, namely, boilers, electrical wiring system, water system, ventilators and sewage system. The specific fixtures and systems which may be left will be designated and specifically authorised by a personal visit to the plant by a competent representative of the Allied Commission.
7. Except such exemptions as will be made as stated in the preceding paragraph.

Cesano Romano to consider what future use should be made of the premises and to what extent peace-time production of chemicals should be permitted at the site.

2. I wish to make it perfectly clear to you that no form of commercial undertaking will be allowed in any of the buildings at this factory since the entire premises will be required to train the Italian Army. As you are aware, the factory has been thoroughly inspected both by officials of the Italian Government and of the Allied Commission for the purpose of deciding to what extent it is feasible or desirable that the chemical warfare plant should be or could be converted to peace-time production.
3. We regret to advise that the various plans that are being put forward have not been found satisfactory by the Allied Commission for various technical reasons. In addition to which it is clear that the plant, because of its poor layout and unfavourable situation as regards labour supply and markets, and, above all, because it is in conflict with our plans to create a major centre for the training of the Italian Army, can no longer be given further consideration regarding conversion.
4. As you are aware, Cesano Romano was built for the express purpose of producing chemical warfare gases, such as Mustard Gas, Adamsite, Chlorine and Chlorosulfonic Acid (smoke screen), and that all other equipment in these premises are functionally related thereto.
5. Indeed, with the exception of the central steam boilers, and the facilities that are common to any chemical plant, such as electric main, water supplies, lighting fixtures, all of the plant, equipment and apparatus, must be considered as inherently part of the chemical warfare plant.
6. We, therefore, instruct you to see that all of the buildings at this factory be completely evacuated of their contents, except for the general facilities last mentioned, namely, boilers, electrical wiring system, water system, ventilators and sewage system. The specific fixtures and systems which may be left will be designated and specifically authorized by a personal visit to the plant by a competent representative of the Allied Commission.
7. Except such exemptions as will be made as stated in the preceding paragraph, all materials, plant and equipment must be removed by the 15th November, to a distance not less than 20 km. from the said plant. In the event that it be found impracticable or inadvisable to remove equipment that is not permitted to remain, it must be destroyed in a manner acceptable to this Mission.
8. I must ask you to acknowledge receipt of these instructions, implying your intention to comply with them without further delay.

Signed. W. PILESLEY. Colonel.

for Major General.
K. M. I. A.

apw.

Appendix "B" to MIA
Letter Q.162 dated
17 December 1945.

CONFIDENTIAL

Tel. 543

VD/al

Ref : AC/5662/IND

14 December 1945

SUBJECT: Cesano Romano

TO : Land Forces Sub-Commission(MIA)
Allied Commission E.Q. - RME.

FROM : Industry Department.

1. Reference your memo of 12 December 1945 requesting technical comments on letter 8143 of 3 December 1945 from Ministry of Industry and Commerce, a translation of which was transmitted under your memorandum.

2. The writer has the following observations to make:-

(a) Re para 2 in subject letter: For reasons unexplained, the production and consumption figures vary somewhat from those given in Prof. Nucorini's technical report of 5 August 1945, in which is reviewed the I.C.N.R. plan referred to in para 5.

Thus :

Daily Consumption and Production

M.I.C.	Servizio Chimico del Corpo Reale delle Minieri(Director: Prof. Nucorini) -
Electric Power consumed	10,000 Kwh 8,400 Kwh
Chlorine produced	2,000 Kgs 1,800 Kgs
Hydrogen "	600 m ³ 575 m ³
Sodium hypochlorite solution	4,000 Kgs 3,800 Kgs

The writer's calculations corroborate the S.C.C.R.M. figures. These are minor discrepancies but the corrections are needed for the record.

However, it cannot be agreed that the Sulfur Chloride plant can be regarded as strictly a peace time operation, inasmuch as it represents, together with the Chlorine department, roughly 50% of the former mustard gas operation. It should, in the writer's opinion, therefore not be left at the plant but be dismantled and removed with the mustard gas reactors, as an integral part in

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Thus:

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The writer's calculations corroborate the S.C.C.R.M. figures. These are minor discrepancies but the corrections are needed for the record.

However, it cannot be agreed that the Sulfur Chloride plant can be regarded as strictly a peace time operation, inasmuch as it represents, together with the Chlorine department, roughly 50% of the former mustard gas operation. It should, in the writer's opinion, therefore not be left at the plant but be dismantled and removed with the mustard gas reactors, as an integral part in poison gas manufacture. Thus it is recommended that the sulfur chloride equipment should be included under the general heading of para 3.

(b) Their para 5. The I.C.N.R. plan which was prepared approximately one year ago, was studied by the writer carefully last April. This I.C.N.R. report was also reviewed by the Servizio Chimico del Corpo Reale delle Minieri, and their findings and recommendations were published in their report of 5 August. Both of these finally have been studied by the writer, whose detailed criticisms are being submitted under separate cover.

Therein he has made abundantly clear how disingenuous and distorted a picture both the I.C.N.R. and the S.C.C.R.M. reviews present.

(c) Reference their para 6, sub-para (b). Their bland assumption that the plant could be profitable, completely ignores the fact that there is only one smaller chlorine plant (probably a department in a larger works) in ITALY, where the average commercial plant to be profitable must have a capacity of approx. 4,500 tons/year as compared with Cesano's 600 !!!!! And as compared with what is regarded in the U.S. as the minimum commercially profitable, a plant of

cc/

Sheet 2/.....

-2-

Appendix "B"

2. (c)(Cont'd) 16,500 tons of chlorine/year - Such a plant, in the U.S., employs about 77 workmen as compared with even the high figure (S.C.C.R.M.) of 67 for Cesano. In other words to produce the same quantity at Cesano as a small plant in the U.S. there would be required $67 \times 27.5 = 1842$ workmen !!!

(d) Re their sub-para (c). The "numerous" workmen referred to represent not over 80 men all told as a steady force, excluding the work of dismantling and erection.

(e) Re their sub-para (d). Their claim that an increment of $2/3$ of 1% to the national output capacity will reduce prices is patently absurd.

There are at least 20 commercial plants which can produce Caustic Soda and Chlorine, while the monthly production of caustic soda is already 3 to 4,000 tons/month. Cesano Romano's output is 60 tons/month, or less than 2% !!!

(f) Their sub-para (e). This completely begs all the questions previously raised.

3. The writer appends a copy of the Ministry of War's circular letter (Ref: 48972) of 23 November 1945, said to have been signed by Col. ERMESTI, in which the entire peace-time convertible portion of the plant and the strictly poison gas departments are offered en bloc to various chemical concerns.

Therefrom it is seen that the Ministry of War appears in the light of intending not to comply with the orders, long since issued by the A.C., that the poison gas factory be dismantled and/or destroyed.

4. In conclusion it is stressed that instead of leaving at their present site the small caustic-soda-chlorine, etc plants, which require extensive repairs and restoration of considerable equipment which has been removed, and building from the ground up an entirely new chemical works (this is treated in extenso in the writer's detailed comments under separate cover on the I.C.N.R. proposal), how much more reasonable it would be to sell and transfer the 3 small plants in question (caustic-soda-chlorine, chloride of lime, sulfur chloride) to some genuinely commercial chemical works which could fit them in as a supplementary operation?

5. The case has been so deviously handled that it has not been considered worth while by the writer to undertake the work of estimating carefully what total cost the eleven separate proposals/under the I.C.N.R. plan for future developments would involve. (for expansion)

A conservative figure would be say at least $\$5,000,000$ for all plants as compared with the value of the 3 departments, plus auxiliary facilities, in argument of say $\$150,000$ or $\frac{1}{3}\%$ of I.C.N.R.'s total proposals.

6. No recommendations are submitted as none were requested in your memorandum of 12 December.

2467

Sgt. V. Dostovich

(f) Their sub-para (e). This completely begs all the questions previously raised.

3. The writer appends a copy of the Ministry of War's circular letter (Ref : 48972) of 23 November 1945, said to have been signed by Col. BRUNET, in which the entire peace-time convertible portion of the plant and the strictly poison gas departments are offered en bloc to various chemical concerns.

Therefrom it is seen that the Ministry of War appears in the light of intending not to comply with the orders, long since issued by the A.C., that the poison gas factory be dismantled and/or destroyed.

4. In conclusion it is stressed that instead of leaving at their present site the small caustic-soda-chlorine, etc plants, which require extensive repairs and restoration of considerable equipment which has been removed, and building from the ground up an entirely new chemical works (this is treated in extenso in the writer's detailed comments under separate cover on the I.C.N.R. proposal), how much more reasonable it would be to sell and transfer the 3 small plants in question (caustic-soda-chlorine, chloride of lime, sulfur chloride) to some genuinely commercial chemical works which could fit them in as a supplementary operation?

5. The case has been so deviously handled that it has not been considered worth while by the writer to undertake the work of estimating carefully what total cost the eleven separate proposals under the I.C.N.R. plan for future developments would involve. (for expansion)

A conservative figure would be say at least $\pounds$ 5,000,000 for all plants as compared with the value of the 3 departments, plus auxiliary facilities, in argument of say $\pounds$ 150,000 or $\frac{1}{4}$ of I.C.N.R.'s total proposals.

6. No recommendations are submitted as none were requested in your memorandum of 12 December.

2467

Sgd: V. Dorkowich.

V. DORKOWICH.
Chief, Chemicals Division.
Industry Department.

Copy to:- Economic Section.

CONFIDENTIAL.

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| 12 11 10 9 8 7 6 5 4 3 2 1