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Declassified E.O. 12356 Section 3.3/NND No. 785016

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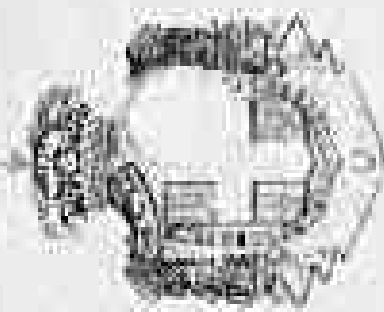
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Commerce

Jan. - Oct. 1944

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Not answered as Econ. Sec. delayed in
furnishing material for reply and then
events overran the situation described.
It. Min. of FA. subsequently sent reply
preferred having no answer.
Feb. 15, 1945. 6 1204 520



Ministero degli Affari Esteri

Ufficio Collegamento

Italian Commerce & Shipping
affairs

MEMORANDUM FOR THE POLITICAL SECTION, A.C.

President Roosevelt's declaration of last October sets forth that "the authority of the United States Army, in so far as regards the supply of essential materials for the civil population of Liberated Italy, will cease on a date to be established, and will be replaced by the direct authority and responsibility of the Italian Government, both as regards the financing of the afore-said materials essential to the needs of the civil population, and as regards other indispensable expenses incurred abroad by the Italian Government. 440

In order that Italy may assume that task, the Government of the United States have placed at its disposal the amounts in dollars corresponding to the AM-lire issued or to be issued for payment of the American occupation troops in Italy, the proceeds of merchandise exported by Italy for the account of the United States, the amount in dollars corresponding to remittances made by Italian citizens or resident in the United States to relatives or friends in Italy, and finally the amount of freight charges earned by Italian ships placed in the "pool" and operating in the service of the United Nations.

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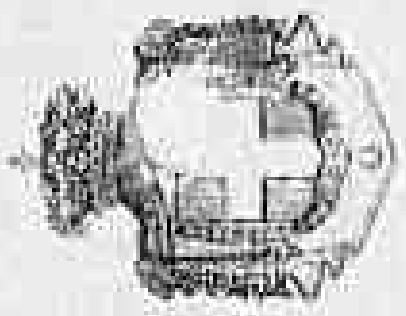
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The Royal Government have already expressed their appreciation for the concessions made to Italy by the President of the United States. They recognize that these concessions constitute a first

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step toward that economic and financial independence which belongs to the sovereignty of any State and which is all the more necessary in view of the fact that only the legitimate Government of a State can evaluate accurately and seek to satisfy the essential needs of its population. However, the Ministry of Foreign Affairs considers it to be their duty to call the attention of the Governments of the United States and Great Britain to certain difficulties which undoubtedly will result from the new situation in which Italy is being placed.

In the first place it is evident that at the best the concessions mentioned above can serve only to diminish the enormous sufferings of the Italian people and the great scarcity of goods in the markets resulting from the war and from the destructions, looting and requisitions carried out by the Germans.

These concessions cannot therefore constitute more than the beginning of a solution of the country's grave problem of economic reconstruction, without which it will be impossible to provide labor to the unemployed masses, set the Italian economic machine again in motion, revive confidence, and give the country political stability.

The Ministry of Foreign Affairs are convinced that the Governments of the United States and Great Britain, which have already given so many proofs of solicitude for the Italian people, and which by solemn declarations have manifested their intention

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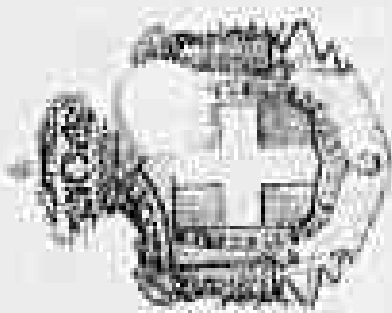
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The Ministry of Foreign Affairs are convinced that the Governments of the United States and Great Britain, which have already given so many proofs of solicitude for the Italian people, and which by solemn declarations have manifested their intention to contribute to Italy's economic and political rebirth, will be in agreement in considering the measures mentioned above as being

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longing to the sphere of relief and not to that of economic reconstruction.

For the accomplishment of the latter, three conditions are indispensable, which may be summarized briefly as follows:

1) - The necessity of important long-term credits to be spent in the United States and Great Britain for the purpose of procuring for Italy foods, raw materials, and machinery required for setting in motion the industries which remain undamaged by the war, or which, although damaged, may in some degree be repaired.

2) - Revival of commercial relations with all countries of the world on a basis of equality.

3) - The making available of the means of transportation which are indispensable for the normal development of foreign commerce, and especially of mercantile shipping; without which Italy, a country facing entirely towards the sea, would find it impossible to reknit commercial relations with the greater part of the countries of the world.

As regards the first point, it is evident that the amounts in dollars actually accumulated to the credit of Italy for the items indicated in the declaration of the President of the United States constitute assets belonging to Italy and do not arise from the opening of credits. Moreover, these sums are so scant that they will barely suffice to meet the most present and essential

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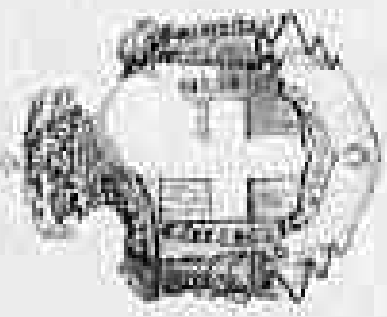
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stocks of raw materials; for the importation of machinery and other essential finished products until the Italian factories are in a position to produce them; etc.

In the absence of knowledge as to the destructions and the removals which the Germans will carry out in non-liberated Italy prior to liberation, the magnitude of Italy's needs for economic reconstruction cannot yet be determined, but it can be affirmed that such needs will be vast.

Important credits therefore will have to be granted to Italy to permit that country to reconstruct its own economy, to start the functioning of its productive machinery so as to provide work to the vast masses of unemployed. It should be born in mind that when northern Italy is liberated there must be faced a social problem of grave importance: that of giving sustenance to the working masses who will not find employment in the factories destroyed or looted by the Germans. At that time the need of reconstruction, and especially of industrial reconstruction, will appear still more important and urgent than it does now.

As regards the second point, namely, the revival of commerce with all the countries of the world, the necessity for this is evident, as it is impossible to reconstruct the economy of a country without rejoining the threads which united it politically economically and financially with the other countries of the

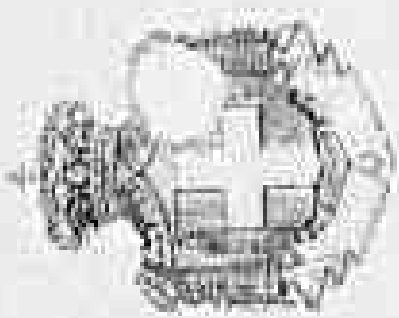
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Italy's situation from this point of view must be carefully considered.



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The United States and England have requested, also in their own interest, that the import and export traffic which is at present carried on between them and Italy be regulated, and in this connection have sought the collaboration of the Italian Government so as to avoid certain inconveniences to which such traffic might give rise.

The Italian Government have declared themselves willing to place at the disposal of the Allies the organization of the "Istituto per il Commercio Estero", but since not even that institute would be able to assume the financial responsibility of importing from the United States and England, it will be constrained to have recourse to the activity of special organisms which will receive merchandise on consignment at the moment of unloading and at the same time pay for it the amount involved. These same organisms will then arrange for the distribution of the goods to bodies or organisms of a provincial character, which, in turn, will resell them to retailers. It is evident that this organization is bound to produce very grave inconveniences, for it will be impossible to arrange for the participation in the above-mentioned organisms of all commercial firms which formerly operated in the free market. There will inevitably be constituted, therefore, organisms of a more or less monopolistic character, which will have all of the inconveniences inherent in organisms of monopoly. Furthermore, a large part of the goods will be lost or for a

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commercial class is meant not only wholesale and retail merchants, but all of that category of intermediaries and collaborators in commerce (representatives, forwarding agents, insurers, bankers, ships chancellers, etc) who constitute a substantial part of the mercantile activity of the country.

To this inconvenience is to be added that which is still graver, namely, the polarization of Italy's commercial relations toward only two markets, fundamental and important though these may be, and the imposing on the traffic between Italy and the two countries mentioned above a State character and almost a monopolistic character.

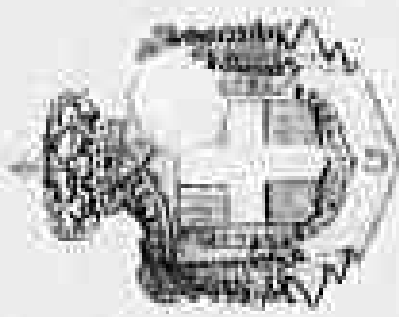
The Italian Government strongly desires to give the greatest growth to its economic relations with the United States of America, not only because such relations must constitute the basis of those bound and friendly-political relations which Italy desires to maintain and develop, but also because the United States of America, in view of its financial and industrial power is in a position more than any other country to assist in Italy's economic revival. The same is to be said as regards the future relations with Great Britain. However, although deeming that the structure of future commercial relations must take account of the peculiar situation of the present and immediate post-war period, the Italian Government believes that these relations must be stamped with criteria of liberty and not founded

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Considering that today production is strictly controlled by the Government of the United States of America, and that in order to be able to export merchandise it is necessary to obtain the declaration of priority from the competent American offices, it is evident that the mechanism for importations and exportations between Italy and the United States of America cannot be greatly different from the above described. Notwithstanding this, in view of the grave inconveniences to which that mechanism will certainly give rise and the damage which its installation will produce to a large part of the Italian commercial class, it is desirable that at the earliest possible moment a normal character be restored to the commercial relations between Italy and the United States, as well as to those with Italy and Great Britain; this is certainly the desire both of the Royal Government and of the Governments of the United States and of Great Britain.

However, even if this should materialize, the situation of Italy would be abnormal unless it should be permitted to resume free commercial relations with the other countries of the world. If there is a country which has suffered gravely from the insane attempt to close itself within itself that country is certainly Italy, poor in raw materials and rich in industrious workers; a country densely populated and capable of large emigration; a country needing, in brief, to seek beyond the narrow circle of its own territory the means of subsistence and prosperity.

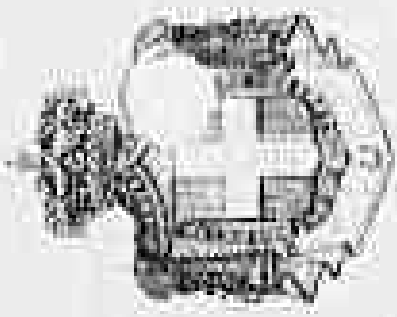
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In the present situation, Italy is a country estranged from the rest of the world, prevented from reknitting commercial relations, from sending abroad its emigrants, from reviving, in

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short, that collaboration in the spiritual and economic field which constitutes the essential condition of international life.

The Italian Government, following the concessions made by the Allies, are preparing to resume diplomatic relations with all countries of the world; but if Italy cannot reestablish regular commercial relations with the countries with which it has resumed diplomatic relations, the resumption of such relations cannot accomplish more than a part, and perhaps a small part, of the aims to which it aspires.

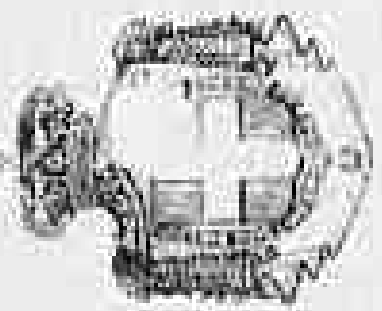
The Ministry of Foreign Affairs fully recognize that it is not the intention of the Government of the United States and of that of Great Britain to perpetuate so absurd a situation, but it cannot understand why the reestablishment of diplomatic relations should not go hand-in-hand with the reestablishment of commercial relations. It appears that this must be admitted all the more easily, since the war, or even the simple rupture of diplomatic relations, has interrupted not only commercial relations, but has had grave repercussions on the economic and financial interests of Italy in the other countries of the world, as well as of those countries in Italy; so that the revival of normal commercial relations, presupposing the regulation of interests which have been destroyed or damaged or the elimination or resolution of the grave questions which have arisen, will be slow and difficult and will require precious time not to be lost.

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The Ministry of Foreign Affairs consider it to be superfluous to insist on this question, not only because of the evidence of the reasons which have been adduced, but also because the reasons



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Wells-Churchill Hyde Park declaration explicitly affirms "that the application of the regulations with regard to commerce with the enemy will be modified with respect to Italy in a manner to permit commercial contact of Italy with foreign countries so as to benefit the Italian people."

This declaration has been understood by Italian public opinion as referring to an early normalization of Italy's conditions as regards traffic with foreign countries, and the Ministry of Foreign Affairs is confident that such is the intention of the Governments of the United States and Great Britain.

The recent facilities provided by the administration of the United States of America in the matter of correspondence by telegraph and letter between Italian commercial firms and American firms constitute a first indication of the benevolent intentions of the Government of the United States, but these evidently cannot represent, even in small part, the fulfillment of the promise above recorded.

The Ministry of Foreign Affairs recognizes that opposed to the revival of commercial relations with foreign countries are a few material difficulties which certainly are not easy to surmount, but it believes that with the collaboration of the United States and Great Britain, and that of the other countries with which it is preparing to renew commercial relations, such difficulties may be overcome.

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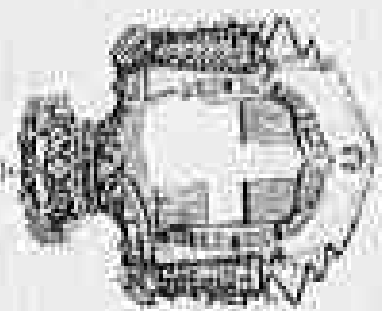
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Among these the most grave is lack of mercantile ships. Because of the geographic position of Italy and its peninsular configuration, traffic between it and other countries is con-

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ducted predominantly by sea. In 1938, over 20 millions tons of merchandise were unloaded in Italian ports.

Italy had before the war a mercantile fleet of approximately 3,300,000 tons; which, however, was not sufficient to meet the needs of its maritime traffic, so that it was necessary to have recourse for over 40 per cent to foreign shipping.

The Italian mercantile fleet has suffered enormous losses because of the war, and its tonnage now amounts to one million gross tons, of which the greatest part, requested by the United Nations and placed in the "pool", navigates in the service of the United Nations, while the smaller part in the Mediterranean navigates almost exclusively in the military service of the Allies.

One of the first necessities of the Italian economy is the reconstruction of the mercantile fleet; of a mercantile fleet adequate for Italy's new situation, and one which takes due account of the just interests of foreign shipping. But this necessity cannot be satisfied with the same urgency as the other necessity, of much greater scope and importance - that of re-knitting commercial relations with all countries of the world.

It is indispensable therefore that a certain tonnage be placed at the disposal of Italy, which, together with aid that can be given from shipping of other flags, would ensure to Italy, if only within the limits of the strictest requirements,

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ducted predominantly by sea. In 1935, over 80 millions tons of merchandise were unloaded in Italian ports.

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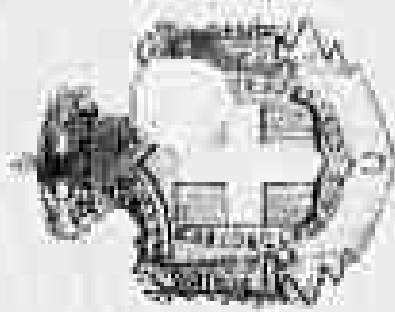
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The United States and Great Britain, utilising their ships

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and those placed in the "pool" of the United Nations, among which are also Italian ships, have up to now provided for the transportation of the most essential supplies for the civilian population. A part therefore of the available mercantile shipping of the United Nations is now already engaged in traffic with Italy and a larger part must be soon employed for that use in order to give greater breadth and variety to supplies, which is urgently required by the growing and irrepressible needs of the civilian population and by the necessity, no longer possible of deferment, of initiating the economic reconstruction of the country, so that the Italian people with their own forces may provide for their own needs.

On the other hand, the declaration of President Roosevelt, referred to at the beginning of this note, sets forth that the freight charges of the Italian ships forming part of the United Nations "pool" will be credited, beginning with a date to be established, to the account in dollars set up in favour of the Italian Government.

Finally, it is necessary to bear in mind that for more than a year Italy has not been an enemy nation, but rather a co-belligerent, that it participates in the war effort of the Allies in the greatest measure permitted by the Allies themselves, and that this new situation should be reflected in the juridical situation created by the war and by measures adopted by the

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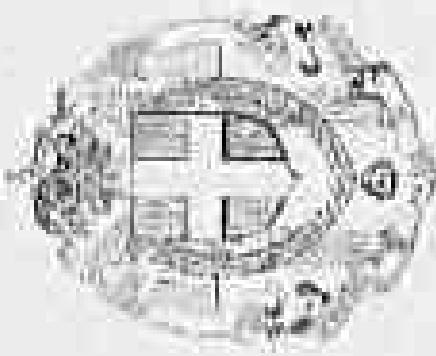
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The situation of fact thus outlined and the considerations

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developed above justify, in the opinion of the Royal Government, the request, which it considers that it may formulate; namely, that the ships which belonged to Italy be placed again at the Italian Government's disposal, or that there be placed at its disposal an equal tonnage of ships forming part of the "pool".

Such ships - in case it should not be wished to place them at the free disposal of the Royal Government - could remain in the "pool", but in such case the onus for their operation should, with the participation also of representatives of the Italian Mercantile Marine administration, take into consideration the necessities of Italian maritime traffic as brought to their attention by the aforesaid representatives.

The Ministry of Foreign Affairs have confidence that by this solution, or by another of analogous nature which could be devised, it would be possible to eliminate the gravest inconvenience; which would be met if Italy, after having reestablished diplomatic relations with the various countries of the world and having obtained the possibility of resuming its commercial relations with them, should not have the ships indispensable for the exercise of the traffic or if the operation of such ships should have to be regulated solely by foreign flags.

The Ministry of Foreign Affairs hope that the considerations set forth above will be taken into benevolent consideration and that the questions of vital interest for Italy and to which they have called the Allied Governments' attention may be promptly and res-

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The Ministry of Foreign Affairs have confidence that by this solution, or by another of analogous nature which could be devised, it would be possible to eliminate the gravest inconvenience; which would be met if Italy, after having reestablished diplomatic relations with the various countries of the world and having obtained the possibility of resuming its commercial relations with them, should not have the ships indispensable for the exercise of the traffic or if the operation of such ships should have to be regulated solely by foreign flags.

The Ministry of Foreign Affairs hope that the considerations set forth above will be taken into benevolent consideration and that the questions of vital interest for Italy and to which they have called the Allied Governments' attention may be promptly and favorably resolved.

L. D. C. 1344



THE QUARTERS ALLIED COMMISSION
ECONOMIC SECTION
AEO #384

MINUTES OF MEETING OF REPRESENTATIVES OF THE ITALIAN
GOVERNMENT AND FIELD OFFICES OF THE ALLIED COM-
MISSION, 24 NOVEMBER 1944, 1530, RE WICOMT PRO-
GRAMMING OF CIVILIAN REQUIREMENTS.

PRESENT:

H. E. Cerabona, Minister of Communications
H. E. Geronzi, Minister of Industry, Commerce and Labor
H. E. Soleri, Minister of Treasury
H. E. Bergami, Under-Secretary of Agriculture
H. E. Rinaldi, Minister Without Portfolio
H. E. Mancini, Minister of Public Works
Mr. A. G. Antolini, Acting Deputy Chief of Staff, E/S
Mr. Harlan Cleveland, Executive Director, E/S
Mr. Leland G. Allbaugh, Director, Agriculture S/C, E/S
Col. W. P. Evans, Director, Commerce S/C, E/S
Col. A. P. Graffey-Smith, Joint Director, Finance S/C, E/S
Mr. Wm. E. Vaughan, Director, Industry S/C, E/S
Col. L. A. Jenny, Director, Public Works & Utilities S/C, E/S
Col. R. A. Bertino, Supply and Resources Division, E/S
Mr. Merritt Taylor, Chief, Priorities & Movements Div., E/S
Mr. A. L. Villa, Priorities & Movements Division, E/S
Maj. F. W. Tobo, Supply & Resources Division, E/S
Mr. Van Loan Woodward, Members of Ambassador Culbertson's Mission
Mr. Wm. M. Trusclevasser

NOTE

These minutes were taken from those remarks and state-
ments at the meeting which were made in English. They there-
fore reflect the Ministers' statements in Italian only to
the extent that they were translated or summarized by the
Chairman, Mr. A. G. Antolini.

ROUTING: Wishes to express the views of the Italian Government to
the effect that they are very pleased at the method of approach
to the civilian requirements problem which has been adopted jointly
by the Allied Commission and the Government. He referred to three
distinct steps: (1) He takes us back a bit to the time when we
were discussing the need in the first instance of coordinating
transportation by air, sea and road. He has transmitted to the
Economic Section, the Italian Government's views on transportation.
(2) He mentioned the document which he has presented which con-
tains the Italian Government's views by Ministries on the things
that need to be done in the north. This document is a result of a
meeting under the chairmanship of Minister Rinaldi. (AGA) will

Mr. E. Cerabona, Minister of Communications
 Mr. E. Gromard, Minister of Industry, Commerce and Labor
 Mr. E. Solari, Minister of Economy
 Mr. E. Rezzani, Under-Secretary of Agriculture
 Mr. E. Ruzza, Minister of Public Works
 Mr. E. Mancini, Minister of Public Works
 Mr. A. C. Antolini, Acting Deputy Chief of Staff, E/S
 Mr. Maria Olevani, Executive Director, E/S
 Mr. Leland G. Allingham, Director, Agriculture S/C, E/S
 Col. V. F. Evans, Director, Commerce S/C, E/S
 Col. A. P. Griffler-Smith, Joint Director, Finance S/C, E/S
 Mr. Wm. C. Vaughan, Director, Industry S/C, E/S
 Col. L. A. Jerny, Director, Public Works & Utilities S/C, E/S
 Col. R. E. Martin, Deputy and Resources Division, E/S
 Mr. Kenneth Taylor, Chief, Personnel & Movement Div., E/S
 Mr. A. L. Valler, Priorities & Movement Division, E/S
 Maj. F. W. Tocco, Supply & Resources Division, E/S
 Mr. Van Leer (codename) } Members of Ambassador Culbertson's
 Mr. Wm. R. Bradstreet } Mission

NOTE

These minutes were taken from those remarks and statements at the meetings which were made in English. They therefore reflect the Ministers' statements in Italian only to the extent that they were translated or summarized by the Chairman, Mr. A. C. Antolini.

RUINI: Wishes to express the views of the Italian Government to the effect that they are very pleased at the method of approach to the civilian requirements problem which has been adopted jointly by the Allied Commission and the Government. He referred to three distinct steps: (1) He takes us back a bit to the time when we were discussing the need in the first instance of coordinating transport by air, sea and road. He has transmitted to the Economic Section the Italian Government's views on transportation. (2) He mentioned the document which he has presented which contains the Italian Government's views by Ministries on the things that need to be done in the north. This document is a result of a meeting under the chairmanship of Minister Ruini. I (AGA) will distribute copies to each of the Sub-Commissions concerned. The Ministers now request that each Sub-Commission contact their own Minister on his particular plane as stated in the document. (AGA) This document reflects, by and large, plans which we have already made for the north. (3) Minister Ruini restated the Government's impression, which is accurate, of what it was that we had asked them to do. I am in accord with his views. He has asked that Category "A" goods be broadened as far as possible as far as possible and that we follow the lead. We are promising to submit to them a definition of Category "A" goods. The Minister also requests, on the part of the Italian Government, that we consider the possibilities of broadening the credit mechanism by reviewing and possibly according a conversion of live expenditures by the Allied Armed Forces for goods and services in Italy. That request has appeared before. The Minister

- 2 -

has reviewed in his terms the general outline of their approach. This outline, which is tentative and properly so, reflects priority allocation. The Italian Government lacks, however, two fundamental facts to establish a less tentative outline. It needs to know (1) exactly and specifically what is in category "A", and (2) the prices of goods in category "B" so that they will not be in the dark as to whether or not they are within the fixed limits of dollar credit.

Their tentative outline establishes priority allocation in this fashion:

- 1 - Transport
- 2 - Equipment for the Rehabilitation of Electric Power
- 3 - Fertilizers and Agricultural Equipment
- 4 - Raw Materials which could be applied to specific enterprises that now have productive capacity. (As an example, in Gardia, there are plants which have the facilities and power to start manufacturing iron and steel, but which lack raw materials.)

They also add what may be called a "contingency reserve" -- out of which, for example, goods for taxation purposes (e.g. coffee) might be purchased.

The Minister says he will hand the detailed information to us and then he would like the Sub-Commissions to work on them with the appropriate Ministries.

ANTOLINI: Should we set up within our various Sub-Commissions a working party and request the Ministers to set up a counter part within the Government?

(This arrangement agreed to by Sub-Commission representatives concerned.)

ANTOLINI: I explained our operating plan to set up a working party within each Sub-Commission and requested the Italian Government to do likewise. They have agreed. They have raised a question as to whether the working party should be large or small?

(Sub-Commission representatives agreed that working party should have 3 members on each side.)

Messrs. Scudone and Bozzi have been designated as coordinators on the Italian side. On the AG side, coordination will be effected through the Economic Section, while Col. Evans will aid in "characterizing" the program in terms of end-products.

I am going to refer the Ministers to the press release that they submitted to us regarding joint programming, and ask them to delay submitting it to the public.

DISTRIBUTION:

1092

- 1 - Transport
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- 3 - Fertilizers and Agricultural Equipment
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(Sub-Commission representatives agreed that working parties should have 3 members on each side.)

Messrs. Salvemini and Pazzi have been designated as coordinators on the Italian side. On the EC side, coordination will be directed through the Economic Section, while Col. Evans will aid in "merchandising" the program in terms of end-products.

I am going to refer the Ministers to the press release that they submitted to us regarding joint programming, and ask them to delay submitting it to the public.

DISTRIBUTION:

Commodore Stone, Chief Commissioner
 Brigadier Lush, Chief of Staff
 Mr. Hopkinson, Joint Vice-President, Political Section
 Mr. Schott, Joint Vice-President, Political Section
 Col. Cripps, Vice-President, Administrative Section
 Mr. Antlin, Acting Vice-President, Economic Section
 Col. Demaree, Chief of Staff, Economic Section
 Mr. Cleveland, Executive Director, Economic Section
 Mr. Allbaugh, Director, Agriculture Sub-Commission
 Col. Evans, Director, Commerce Sub-Commission
 Col. Graef, Joint Director, Finance Sub-Commission
 Mr. Vaughan, Director, Industry Sub-Commission
 Col. Jerny, Director, Public Works & Utilities Sub-Commission
 Col. Martin, Supply and Services Division, E/3
 Mr. Taylor, Chief, Priorities & Movements Division, E/3
 Mr. Villa, Priorities & Movements Division, E/3

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel: 558

EDN/ram

13.03/ES

1 December 1944

SUBJECT: Completion of a Contract between Swiss and
Italian Firms

TO : Political Section

1. Reference Mr. Schott's note of 19 October attaching
memorandum from Ministry of Foreign Affairs reference 6/785/
350.

2. This office received on 30 November from its
Commerce Sub-Commission the above mentioned document, with
the comment that legal questions were involved.

3. The Civil Affairs Section advises also as of 30
November, that no legal point is involved, and the question
is one entirely for the Economic Section.

4. The subject will now be further discussed by the
Commerce Sub-Commission, and the purpose of this memorandum
is to advise you that the subject is still under discussion.

L. D. Densmore
L. D. DENSMORE
Col., FA, CGMC
Economic Section

HEADQUARTERS ALLIED COMMISSION

HC:MEV

APO 394

ECONOMIC SECTION

13.23 /ES

SUBJECT: Proposal for Trade Negotiations with Sweden

TO : Mr. Hopkinson, Vice Pres. Political Section (B)
Mr. Schott, Vice Pres. Political Section (A)

At the Chief of Staff's meeting on 10 November, we agreed to put down on paper the economic reasons for considering as premature the proposals to allow Swedish trade representatives to enter the theatre in order to do business in Italy. The considerations involved may be summarized as follows:

1. Italy's foreign exchange position is such that the Italian Government is being required to set up a foreign exchange control agency which shall operate under the supervision of AC. Until this control is established and the policies guiding its operation have been agreed among the Allied Nations and Italy it is undesirable that trade representatives of neutral states should initiate negotiations which may involve foreign exchange transactions.
2. Any trade between Italy and Sweden would depend on shipping availabilities. The military supply and transportation problems confronting the Allied Nations at the present time would place out of the question any allocation for carrying such trade unless it could be shown that the opening up of this trade would have the immediate effect of lessening the Allied Nations' shipping problem. It has not yet been demonstrated that this is the case.
3. Italy has very large foreign currency liabilities to the Allied Nations and her foreign exchange position, i.e., her ability to pay, is exceedingly weak. Since one of the chief means of increasing Italy's ability to pay the Allied Nations is to increase her exports to the Allied Nations, trade with other nations might tend to reduce the potential rate of payment.
4. In this connection, you will be interested in the following quotation from the "Second Interim Report on Italy's Foreign Exchange position" (prepared by Finance S/C, AC, 31 October 1944):

"In summary, it can be said that Italy's foreign exchange position is weak both quantitatively and qualitatively. Pre-Armistice debts will have to be funded into agreements linked with exports and new long term credits to rebuild export industry, or in other terms, Italy's ability to pay. Unless substantial credits are forthcoming, or perhaps even with such credits, bilateral agreements will be necessary for some interim period of time. Italy cannot return to a system of multilateral trade and payments unless substantial external financial assistance is provided."

1095

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It is not intended to imply that we should refuse trade negotiations between Italy and neutral nations for an indefinite period. We are now working out a procedure for such trade, and considering (a) the ways in which it can be handled best within the Italian Government and (b) the degree and nature of the control which must be exercised by the Allies through AC during the initial period. We hope to have a definite proposal to make on this subject before long.

1095

- 2 -

In the meantime, however, in view of the considerations cited above, it seems clear that to start trade negotiations immediately would be premature.

HARLAN CLEVELAND
Executive Director
Economic Section

Distribution:

COS
DOOS, LG
Finance S/C
Commerce S/C

1095

1097

23 October 1944

Foley
(initials)

TO : Chief of Staff
FROM : Political Section

You may be interested in the attached extract of a telegram from the Foreign Office explaining what is being done in the U.S. as regards the removal of trading with the enemy restrictions for Italy. I am sending copies to Economic Section, Finance Sub-Commission and Civil Affairs Section.

H. A. Gaccia

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COPY

Extract from telegram addressed to Buenos Aires, by
U. S. Secretary of State for Foreign Affairs, on 18.10.44

The Board of Trade announce that by arrangement with Postmaster General they have made a general license (SR and SR 24 no. 1175) authorizing business correspondence with liberated Italy. This step towards resumption of normal business relations with Italy is in accordance with joint statement of the Prime Minister and President Roosevelt that application of Trading with the Enemy Acts should be modified so as to enable business contacts with Italy to be resumed to the benefit of the Italian people. Similar action has been taken in the United States.

2. Banks and other financial institutions may now reply to requests for information from their depositors in liberated Italy. Documents such as birth, death, marriage certificates and wills may be transmitted and British and Italian firms may exchange business information with a view to future resumption of business relationships. The resumption of private trade is not yet permissible. The despatch of powers of attorney and proxies is subject to normal procedure under defence (finance) regulations. The postal service is available only to places in certain provinces of liberated Italy which can be ascertained by enquiry at any Post Office. Correspondence for Italy cannot be registered or insured.

3. Italian owned property in the United Kingdom will continue to be under the control of Trading with the Enemy Department and Custodians of Enemy Property. British subjects resident in Italy who desire to obtain a release of their property in the United Kingdom should apply to the nearest British Consul.

4. Arrangements have been made for release of British owned property in Italy (immovable and other property) to its original owner or his authorized agent. Applications and verbal communication by persons in Italy should be addressed to the nearest British Consul and by persons in the United Kingdom to Consular Department, Foreign Office. Some prima facie evidence of ownership should be supplied but original documents of title should not be forwarded unless specifically requested.

Office of the Resident Minister,
Central Mediterranean.

27/10/44.

To: G-5.

From: Resident Minister's Office.

We enclose the text of a Press Notice issued by the Board of Trade in London on October 18th about the notification of Trading with the Enemy legislation in respect of Italy. We have been asked to arrange for this text to be brought to the notice of the Italian Government.

2. Unless you see any objection, we should appreciate it if you would invite the Allied Commission to communicate the text to the Italian Government for their information.

2nd November, 1944.

Copy to: U.S. Political Adviser.
British Embassy, Rome.
Political Section, A.C.C.

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1. The Board of Trade announce that by arrangement with the Postmaster General they have made a general licence (S.R. & O. 1944 No.1179) authorising confidential business correspondence with liberated Italy. This step towards the resumption of national business relations with Italy is in accordance with the joint statement of the Prime Minister and President Roosevelt that the application of the Trading with the Enemy Acts must be modified so as to enable business contacts with Italy to be resumed for the benefit of the Italian people. Similar action has been taken in the United States.

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Extract from teleg. addressed to Reamed, Caserta,
H.M. Secretary of State for Foreign Affairs, on 18.10.44.

The Board of Trade announce that by arrangement with Postmaster General they have made a general license (SR and 01964 no. 1179) authorising business correspondence with liberated Italy. This step towards resumption of normal business relations with Italy is in accordance with joint statement of the Prime Minister and President Roosevelt that application of Trading with the Enemy Acts should be modified so as to enable business contacts with Italy to be resumed to the benefit of the Italian people. Similar action has been taken in the United States.

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/communication

-2-

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File

24 October 1944

TO : Economic Section

FROM : Political Section

1. A P.M.B. Officer has recently been on a tour of Southern Italy and at suggestion of Political Section put down various points which had come to his notice during his journey. As a result he has written the attached four papers on

- (1) Cement
- (2) Grapes
- (3) Beans
- (4) Italian Ships Under 500 Tons.

2. We may wish to keep these papers. If so, may we see any comments.

440

H. A. Caccia

Copy to: Chief of Staff

174

1104

COPY FOR MR. SCHWARTZ, ROOM 4001, WASH.

AIR MAIL

No. 726.

August 31, 1944.

SUBJECT: Price Policy to be Followed in Italy.

SECRET

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my Despatch No. 700 of August 22, 1944, and to enclose copy of a memorandum entitled: "Principles to be Adopted in Fixing the Prices of Goods Exchanged Between Italy and Countries Other than the U. S. and the U. K.", as well as a copy of a letter addressed by Lt. General J. W. G. Clerk, Chief Administrative Officer, AFHQ, on August 24, 1944, to the Secretaries, Combined Chiefs of Staff. The attached papers recommend the adoption of a new policy to be followed in determining the prices to be paid for exports to Italy and, further, that the UKCS and the USCS be authorized to establish prices at which Italian goods are offered or sold abroad within the limits and in accordance with whatever new policy may be adopted.

Respectfully yours,

(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

Enclosures:

1. Copy of memorandum as stated.

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SECRET

11051

785016

The Honorable
The Secretary of State,
Washington.

Sir:

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Respectfully yours,

(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

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Enclosures:

1. Copy of memorandum as stated.
2. Copy of letter dated August 24, 1944, from Lt. General Clark, GAC, AFHQ, to the Secretaries, CCS.

RDM/jgh
800

Distribution:

In triplicate to Department.
Copy to Ambassador Kirk, Rome.
Copy to Mr. William W. Schott, ACC, Rome.



Enclosure No. 1 to Despatch No. 725, dated August 31, 1944, from the United States Political Adviser, AFHQ

U.S. SECRET EQUALS BRITISH MOST SECRET

PRINCIPLE TO BE ADOPTED IN FIXING THE PRICES OF GOODS
EXCHANGED BETWEEN ITALY AND COUNTRIES OTHER THAN THE
U. S. AND THE U. K.

The price policy to be followed in Italy was laid down by the Combined Chiefs of Staff in TAI 165, the policy having been previously developed by the ACC and G-5 principally at the price conference which took place in Algiers early in January.

With regard to the prices at which goods for export are to be purchased in Italy TAI 165 states: "Italian producers will be paid prices in lire estimated to cover production costs plus a fair margin of profit except when lower prices prevail in the open market, such payments to be made by ACC/ACC on behalf of the Italian Government as under existing procedures". It is felt that this is the correct policy and that it should be continued for goods purchased for export to any country.

With regard to the prices to be paid by the receiving country TAI 165 provides one general formula and an alternative formula. The general formula is that "all goods exported from Italy will be sold....at prices which will be related as closely as circumstances permit to f.o.b. prices of comparable goods in world markets", the buying country to pay all freight and other charges in non-lire currency and to be permitted to carry its own insurance. The alternative formula is stated as follows: "In the event that a price based on f.o.b. prices in world markets cannot readily be determined for a particular commodity or that a price so determined is inapplicable under any particular circumstances, the indebtedness of the buying country will be an amount equivalent to the proceeds of the sale of the exports at prices prevailing in the market of sale less freight and any other charges incurred by it in non-lire currency".

The purpose of the formula, and its alternate, is to get for the Italian Government the maximum amount of foreign exchange possible for exports. It is presumed that if Italian exporters were allowed to make their own arrangements, they would obtain prices based on world prices; as they are unable to do this the ACC (or the Allies) as the custodian of the Italian Government's foreign exchange position, is morally obligated to obtain a similar price or, in other words, to obtain the most it can for Italy's exports. With this point of view there can be no quarrel, provided it can be made to work effectively.

The policy, however fair in theory, presents several difficulties of a practical sort which appear likely to create obstacles to exports as trade opportunities expand. These difficulties are:

a. An agency must be found to fix the price. When the price formula was worked out during the winter, the principal concern was the pricing of exports to the US and the UK as those were the only countries to which exports were being made. The question as to what body should determine the price has created no difficulty with those countries. In the case of exports to French North Africa, G-5 has asked the UKCC as its agent to set prices but this arrangement seems an unnatural one and difficulties have already arisen.

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U.S. SECRET EQUALS-BRITISH MOST SECRET

U.S. SECRET EQUALS BRITISH MOST SECRET

In the cases of exports to all countries other than the US, the UK, the USSR and the CFLN, TAI 165 states "It is advisable that the transaction be carried on through the US or the UK by means of their civilian agencies and instrumentalities". It is not specifically stated who should determine prices, but the impression is given that it is the intention of the CCS that this function should be performed by those civilian agencies and instrumentalities. Does this mean for instance, in the case of an export of hemp rope from Italy to Lideast, that the UKCC (or the corporations jointly) should determine the price? If so, should the determination be made by UKCC, Cairo, which is at the seat of the buyer, or by UKCC North Africa, which is at the seat of G-5? More difficult still will be the situation when trade takes place between Italy and Switzerland or between Italy and Yugoslavia. Will some agency of the US or the UK determine the price at which these exports are made? If so it would seem that that agency should be clearly named and instructed.

b. With the exports that have taken place to the US, the UK and the CFLN, price has not had to be agreed before the transaction was made. This situation is not likely to continue with French North Africa or with other countries. Buyers will want to know what they must pay before they will place their orders. Under the present policy, when a potential buyer enquires what will be the price of a certain product, the matter must be referred to an agency of the US or the UK to determine the world price before the order is placed. This procedure is obviously cumbersome and ill-adapted for any volume of exports.

c. The world price under existing conditions is not a fixed thing and is in practice often difficult to determine. Even in the case of so important a world commodity as sulphur this is true. The CFLN following the determination of the UKCC, is now paying for sulphur f.o.b. Sicilian ports the price f.o.b. New York which includes rail charges from the Gulf to New York. Normally sulphur would not be railed to New York, and so, while this may be the price the CFLN would have to pay were they to take sulphur at present from the US, it is open to question as to the basis for the price to be paid in Tunis for sulphur from Sicily less than 200 miles away. With respect to smaller products not enjoying a world market, difficulties increase. What is the world price, to provide the basis for the price the CFLN should pay for 100 kilos of lock seed exported from Apulia to Corsica?

d. The alternative formula is equally unsuitable in the case of the general run of Italian exports to countries other than the US and the UK. It is not feasible, when a buying country enquires the price of a product from Italy, for G-5 or its agent to reply that the price is to be whatever the buying government may be able to dispose of the goods for, less freight, in its own market.

e. Finally, both formulas given in TAI 165 have the disadvantage that under them neither the ACC nor the Italian Government know what it is getting for exports. Two safeguards are provided: one, that goods should not in general be exported at a loss, and two, that an agency of the CCS will review prices. It is felt, however, despite these safeguards that this situation will not be satisfactory either for the Italian Government or the ACC as exports increase and more countries become involved.

U.S. SECRET EQUALS BRITISH MOST SECRET

U.S. SECRET EQUALS BRITISH MOST SECRET

Having considered this general problem, the Economic Sub-Committee of the Political Committee has approved the following recommendations:

- a. That the prices to be paid by the importing countries for Italian goods be determined within the following policy:
 - i. In general, the maximum amount should be obtained for Italian exports.
 - ii. Where it is known or can reasonably be ascertained that the price which can be obtained for Italian goods in a foreign market is less than the purchase price in Italy plus transportation and other costs, such goods should not in general be exported.
 - iii. Where it is possible to determine something in the nature of a world price, the price of sale should be based on such world price, subject to the limitation expressed in ii above.
 - iv. Where it is not possible to determine a world price, but where the goods can be marketed in the importing country at a price higher than the purchase price in Italy plus costs, the price of sale should be based on such market price.
 - v. If a price quotation is requested in advance of sale, and if it is impossible to determine what it should be under III and IV, a quotation may be given which satisfies II alone. When it seems desirable, goods may be sold on a price-to-be-determined-later basis, subject to the limitation expressed in II.
- b. That the Corporations be authorized operating under AFHQ or the ACC to offer Italian goods for sale abroad, purchase Italian goods for disposal abroad, sell Italian goods to buyers abroad, and act as agent in these transactions, at prices determined within the limits of, and in accordance with, this policy.

As the existing price formula apparently is working satisfactorily for exports to the US and the UK, the above revised policy is proposed only for other countries. It would seem preferable, however, that all exports from Italy to whatever destination be priced according to one policy. It is the opinion of the Economic Sub-Committee, therefore, that if the revised formula is approved, consideration should be given to its application to Italian exports to all countries.

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Enclosure No. 2 to Despatch No. 726,
dated August 31, 1944, from the U.S.
Political Adviser Allied Forces Head-
quarters.

CONF

ALLIED FORCES HEADQUARTERS
AFG 512

24 August 1944

SUBJECT: Requested Revision of Export Price Policy.

TO : The Secretaries,
Combined Chiefs of Staff,
War Department,
Washington, D.C.

1. The policy to be followed in determining the prices to be paid for exports from Italy was laid down by the Combined Chiefs of Staff in TAW 165. While this policy was adequate when it was first formulated seven months ago to cover the small amount of trade then beginning with the US and the UK, it has revealed in practice several disadvantages and does not provide satisfactory rules for the pricing of exports to other countries.

2. It is therefore recommended that a new formula be provided, to govern the prices to be paid in the importing countries for Italian goods, which, while following the same principles as the present formula, would be less rigid and hence easier to operate under. It is proposed that the new formula state (a) that in general the maximum possible amount should be obtained for Italian exports, (b) that exports should not be made at a loss, (c) that the world price should be paid when it can be determined, (d) that when a world price cannot be determined, but when goods can be sold abroad above their purchase price in Italy plus costs they should be so sold, and (e) that prices can be quoted in advance of sale which take account of (b) above, when prices under (c) and (d) cannot be determined. The difference between this formula and the present one is that this formula would permit goods to be offered or sold abroad on the ordinary commercial basis of costs plus profit, unless it were plainly possible to obtain more because of the existence of a higher world price or a higher market price in the importing country.

1110

24 August 1944

Subject: Requested Revision of Export Price Policy.

The Secretaries,
Combined Chiefs of Staff,
War Department,
Washington, D.C.

1. The policy to be followed in determining the prices to be paid for exports from Italy was laid down by the Combined Chiefs of Staff in May 1943. While this policy was adequate when it was first formulated seven months ago to cover the small amount of trade then beginning with the US and the UK, it has revealed in practice several disadvantages and does not provide satisfactory rules for the pricing of exports to other countries.

2. It is therefore recommended that a new formula be provided, to govern the prices to be paid in the importing countries for Italian goods, which, while following the same principles as the present formula, would be less rigid and hence easier to operate under. It is proposed that the new formula state (a) that in general the maximum possible amount should be obtained for Italian exports, (b) that exports should not be made at a loss, (c) that the world price should be paid when it can be determined, (d) that when a world price cannot be determined, but when goods can be sold abroad above their purchase price in Italy plus costs they should be so sold, and (e) that prices can be quoted in advance of sale which take account of (b) above, when prices under (c) and (d) cannot be determined. The difference between this formula and the present one is that this formula would permit goods to be offered or sold abroad on the ordinary commercial basis of costs plus profit, unless it were plainly possible to obtain more because of the existence of a higher world price or a higher market price in the importing country.

3. It is further proposed that the UKCC and the UKCC be authorized to establish prices at which Italian goods are offered or sold abroad, within the limits of, and in accordance with, this policy. In an accompanying letter to the Combined Chiefs of Staff the request is made that personnel of the Corporation be attached to UKCC and the UKCC to handle the commercial work connected with imports and exports.

4. There is enclosed a memorandum entitled "Principles to be adopted in fixing the prices of goods exchanged between Italy and countries other than

the . . .

- 2 -

the US and the UK", which gives certain background information and sets out the above recommendations in greater detail.

J.C.W. CLARK
Lieutenant-General
Chief Administrative Officer

Copy to:
Director of Civil Affairs,
War Office, Whitehall, S.W. 1

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COPY FOR MR. CUNNINGHAM, ROOM 100.

AIR MAIL

No. 725

August 31, 1944.

SUBJECT: Italian Foreign Trade.

SECRET

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my Despatch No. 700 of August 22, 1944, and to enclose copies of two memoranda entitled: "A Foreign Trade Organization in Italy" and "Appointment of the United Kingdom Commercial Corporation and the United States Commercial Company to Act, Jointly, for AFHQ and the AOC in Handling Foreign Trade Transactions."

Copies of the foregoing memoranda were transmitted by Lt. General J. W. G. Clark, Chief Administrative Officer, AFHQ, to the Secretaries of the Combined Chiefs of Staff, on August 24, 1944. I enclose for the Department's information a copy of General Clark's letter of transmittal which contains an explanatory statement on this subject.

I also enclose a copy of a letter of August 23, 1944, addressed by the Assistant Chief of Staff, G-5, AFHQ, to Major General John H. Milleding, Director, Civil Affairs Division, War Department, on this same subject.

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SECRET

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my Despatch No. 703 of August 22, 1944, and to enclose copies of two memoranda entitled: "A Foreign Trade Organization in Italy" and "Appointment of the United Kingdom Commercial Corporation and the United States Commercial Company to Act, Jointly, for AFHQ and the ACC in Handling Foreign Trade Transactions."

Copies of the foregoing memoranda were transmitted by Lt. General J. W. G. Clark, Chief Administrative Officer, AFHQ, to the Secretaries of the Combined Chiefs of Staff, on August 24, 1944. I enclose for the Department's information a copy of General Clark's letter of transmittal which contains an explanatory statement on this subject.

I also enclose a copy of a letter of August 23, 1944, addressed by the Assistant Chief of Staff, G-5, AFHQ, to Major General John H. Hildring, Director, Civil Affairs Division, War Department, on this same subject.

In . . .

- 2 -

In the latter connection it will be noted that Colonel Spofford recommends the despatch to the War Department of an officer from his staff for the purpose of discussions of this subject in Washington, and eventually London, believing that a well qualified officer might be able to answer any questions that may arise and to assist in coordinating and developing such action as may seem appropriate.

Respectfully yours,

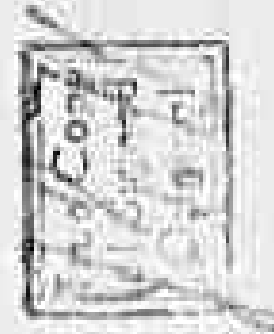
(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

Enclosures:

1. Copy of memorandum entitled: "A Foreign Trade Organization in Italy."
2. Copy of memorandum entitled: "Appointment of the United Kingdom Commercial Corporation and the United States Commercial Company to Act, Jointly, for AFHQ and the AOC in Handling Foreign Trade Transactions."
3. Copy of a letter dated August 24, 1944, from Lt. General Clark, GAO, AFHQ, to the Secretaries, Combined Chiefs of Staff.
4. Copy of a letter dated August 23, 1944, from the Assistant Chief of Staff, G-5, AFHQ, to Major General Hilldring.

RDM/leh
631



Distribution:

In triplicate to the Department.
Copy to Ambassador Kirk, Rome.
Copy to Mr. William W. Schott, AOC, Rome.

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Enclosure No. 1 to Despatch No. 725, dated August 31, 1944, from the United States Political
U.S. SECRET EQUALS BRITISH MOST SECRET Adviser,
 AFHQ

ANNEX A

A FOREIGN TRADE ORGANIZATION IN ITALY

Existing Organisation in Italy.

No Italian organization for foreign trade is functioning at present although local Chambers of Commerce have given some assistance from time to time. The foreign trade that has taken place, and such rehabilitation of domestic production for export as there has been, have been the work of the ACC. For this work the ACC possesses the following organization and personnel:

(a) The Foreign Trade Section of the Commerce Sub-Commission at HQ, ACC, which now consists of only two officers although at times it has had several; (b) officers in the field of whom there are at present but three; and (c) three or four Italians who are employed as inspectors and for other work in connection with purchasing and exporting.

Certain of the civilian experts attached to ACC, such as those sent out by the Ministries of Supply and Food for hemp, silk and food products, purchase or prepare goods for export, but they do not form part of the foreign trade organization.

This group even when it was somewhat better staffed, was barely able to take care of the small volume of foreign trade which Southern Italy, Sicily and Sardinia have had up to now. It will be quite inadequate to meet the increasing needs of the coming months.

Existing Procedures for Conducting Italian Foreign Trade.

All goods for export are purchased by the Allied Control Commission which also supervises their packing and transport to ship-side, paying all charges in lire. All non-military imports are brought in by the ACC and are sold to the users for lire. Other parts of the procedure differ according to the country concerned:

Trade with the United States. G-5 makes the arrangements for exports from Italy to the US with AGAR, obtaining the necessary information from the ACC, and sends AGAR's instructions to the ACC. The ACC arranges shipping through the local USA representatives. Goods are generally consigned to the USCC, sometimes for the CCAC, sometimes for FEA. There have as yet been no imports into Italy from the US other than military supplies.

Trade with the United Kingdom. As in the case of the US allocations come to G-5 from the CCAC through AGAR, but shipping instructions generally come from Troopers. The ACC arranges shipping through the local LIT representatives. Goods are consigned either to the Ministry of Supply or the Ministry of Food, but are generally received in England through the UKCC.

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Trade with French North Africa. Both exports from Italy to French North Africa and imports into Italy from French North Africa are arranged between the CFLN and AFHQ under an agreement reached in May between the Supreme Allied Commander and the Committee. The Supreme Allied Commander has designated G-5 to act for AFHQ, and G-5 informally is using the UKCC with the co-operation of the USCC for this work. Requests for Italian goods come from the CFLN to G-5 through the UKCC. G-5 then enquires from the ACC whether the desired goods are available for export from Italy. If they are, G-5 obtains authority for export from the CCAC through AGAR, if an allocation has not already been made. When the authority is obtained G-5 places a firm order with the ACC. G-5 usually bids for the shipping but in some cases the UKCC arranges for shipping through the French. Goods are consigned to the governmental economic body of the area concerned (Morocco, Algeria, Tunisia or Corsica) for the account of the CFLN. Shipping documents, payment and the various other business aspects of the transaction are taken care of by the UKCC. A corresponding procedure is followed for imports into Italy from French North Africa.

Trade with the USSR. No procedure has yet been worked out, and no trade has yet taken place, although certain Italian seeds have been allocated to the USSR by the CCAC.

Trade with other Countries. G-5 has used the UKCC also for the few transactions which have taken place, or have been under consideration, between Italy and the Mideast. This is the only area other than those named above, with which Italy has traded thus far.

It will be observed that all of the work in connection with Italy's foreign trade up to the present has been done by AFHQ and the ACC (including the civilians from the Ministry of Supply and the Ministry of Food who have been attached to the ACC), with the exception of the assistance which the UKCC, with the co-operation of the USCC, has rendered in North Africa.

In order to provide a broader and more appropriate organization to deal with this important segment of Italian economic life the ACC, at its request, has been authorized to recommend to the Italian Government the creation of a Ministry of Commerce for the purpose of performing certain foreign trade functions within Italy. In the following memorandum the proposal is made that the UKCC and the USCC be used jointly to perform certain external functions. Both of these courses of action have been approved by the Economic Sub-Committee of the Political Committee.

Proposed Organization in Italy.

The proposal to create a Ministry of Commerce was originated by the Finance Sub-Commission of the ACC in order that there might be an appropriate agency of the Italian Government to accept financial responsibility for, and to exercise control over, imported supplies including foodstuffs. Up to the present time there has been no central Italian Government organization capable of controlling and accounting for food distribution. All control and accounting relating to the distribution of imported foodstuffs, above provincial level, has therefore been carried out by ACC personnel. ACC policy is, however, that the Italian Government should assume central control of food distribution as soon

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as possible and that responsibility and financial responsibility for imported foodstuffs should pass to the Italian Government at the port of entry.

To meet this needs, the Under-Secretary of Agriculture and Forests, at a meeting with members of the Finance and Food Sub-Commissions, suggested the creation of the Ministry under consideration. The Under-Secretary's position was that in times of peace and free markets questions of food supply might well fall within the preview of a Ministry of Agriculture, but when it is necessary to control production and distribution and to budget for supplies it is highly desirable to have a separate Ministry charged with this function.

In the course of subsequent discussions the functions of the proposed Ministry have been extended to include responsibility for imports and exports and of foreign exchange transactions connected therewith. The proposed Ministry, among other sub-divisions would include an Import Department and an Export Department. The Export Department would perform many export functions internal to Italy which the ACC with its limited personnel can now perform only inadequately.

Proposed Functions of the Export Department.

It is contemplated that the Export Department of the proposed Ministry would perform, inter alia, the following functions, under the supervision of the ACC:

- a. Make investigations and reports (or have them made by some other appropriate ministry) regarding export products, in response to enquires received from abroad through the Corporations or the ACC.
- b. Make independent investigations (or have them made) regarding products that might be procured for export, and industries and handicrafts that might advantageously be rehabilitated for export.
- c. On receipt of instructions from the Corporations, (i.e. the export arm of the ACC) purchase goods for export, using Italian Government funds and not those of AFA as is now done. Some purchases for export might be made by the Corporations as principals, and some by them as agents for others such as the Ministry of Supply or the Ministry of Food.
- d. Agree the local purchase price, subject to approval by the Corporations.
- e. Make arrangements for packing, including, when necessary, the domestic procurement of the packing material.
- f. Make all necessary inspections to insure that the goods are of the proper quality and are properly packed.
- g. Make arrangements for transporting goods to shipside and for warehousing, obtaining facilities where necessary from the ACC.
- h. Keep the necessary records and accounts, and insure the proper preparations and delivery of the necessary documents.

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Enclosure No. 1 to Despatch No. 725, dated August 31, 1944, from the United States Political
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 AFHQ

ANNEX B.

APPOINTMENT OF THE UNITED KINGDOM COMMERCIAL CORPORATION
 AND THE UNITED STATES COMMERCIAL COMPANY TO ACT, JOINTLY,
 FOR AFHQ AND THE ACC IN HANDLING FOREIGN TRADE TRANSACTIONS.

It will be apparent from the preceding memorandum that numerous currents of trade are developing in the Mediterranean Theatre of Operations and that the UKCC, with the co-operation of the USCC, is already playing an important role in this commerce. In addition to its services with Italy's trade the UKCC has also acted in certain transactions between French North Africa and the Mideast. Plans have not yet been worked out as to how the trade of Southern France and the Balkans is to be taken care of. Soon after liberation some goods from these areas will doubtless be wanted both in the US and the UK, and both areas will need to trade with Italy and possibly also other Mediterranean countries. Presumably AFHQ will also wish to use the Corporations to relieve it of some of the commercial work involved in this trade.

AFHQ at present has no agreement with the UKCC other than a verbal understanding. It is felt that this de facto situation should be placed on a more formal basis and that arrangements should be made which would give to both the UKCC and the USCC equal opportunity to participate in the handling of import and export transactions. The two corporations have acted jointly in several countries: In Spain, Portugal and Turkey the UKCC acts for the USCC under an agency agreement. If they were appointed, jointly, to be the organizations to handle foreign trade for AFHQ, it is contemplated that they would make some arrangement between themselves under which AFHQ would have only one body to deal with, which might be the UKCC possibly with the addition of some USCC personnel.

AFHQ is not a commercial organization and should not be in a position where it must through its own mechanisms carry on an extensive import and export business. With trade possibilities within the Theatre increasing, it is important that AFHQ should have some qualified agency to which to turnover work in the field. Imports and exports involve a number of business transactions which it is not G-5's function to perform and which G-5, with but one officer assigned to this work, is in no position to perform.

While the need of AFHQ for a duly appointed body to handle foreign trade is the immediate cause of this Memorandum, the problem at issue has a broader aspect, namely, the return of foreign trade from a war to a peace basis. Four stages may be distinguished in the progression from one stage to the other:

a. At the outset all imports and exports are made by the military authorities, i.e. in the case of Italy by AMG and ACC, through AFHQ.

b. The second stage, and the first step away from this purely military and governmental condition, might be the arranging of exports (with the possible exception of a few commodities which the US and the UK Governments might prefer

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to handle through other governmental channels), and the transportation of non-military supplies, through the mechanisms provided by the UKCC and the USCC with the military and the governments confining themselves to laying down the policies which the Corporations should follow.

c. The third stage would be trading between individual private interests under license. In general, this step would not be possible until (i) private communication (ii) private shipping, and (iii) private financing arrangements became available.

d. The final stage in the de-control of private trade would be unlicensed trading between individual private interests subject only to such general customs, quantitative and exchange controls as might be imposed.

For eight months Italy's foreign trade has been conducted under the first of these conditions. It is felt that the time may now have come when it is not only possible, but desirable, to proceed to the second stage. With a Ministry of Commerce set up to distribute imports and procure exports within Italy, and with the Corporations appointed by AFHQ to handle buying and selling abroad, the necessary machinery would be at hand to enter the second stage. All that would be required would be a redistribution of functions as follows :

AFHQ, G-5.

Function: policy control. As a military headquarters AFHQ should limit its functions in the foreign trade field to policy control and should not itself have to conduct commercial transactions.

ACC.

Function: policy control. As a military organization supervising the execution of the Italian armistice terms, ACC like AFHQ should divest itself of commercial activities in the foreign trade field.

It should be emphasized that the American and British Governments would be free to deal directly with the ACC regarding any goods to be exported from Italy or imported into Italy, if they so wished, but would probably turn over the commercial work and the accounting connected with the transaction to the Corporations when the policy had been decided. The duties of the ACC should be to :

a. Supervise the work of the Italian Ministry of Commerce and the Corporations.

b. Approve export programs and bring export possibilities to the attention of the Corporations and authorize the issue of export licenses.

c. Inform the Corporations of goods (other than military supplies) to be imported.

d. Provide, through AFA, the funds to pay for the purchase of goods to be exported (until the Italian Government provides its own funds through the Ministry of Commerce), and receive the proceeds of sale of goods imported.

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The Corporations

Function: to handle the commercial work connected with the arranging of such foreign trade transactions as might be entrusted to them. At the outset the Corporations would work as a part of the ACC, their personnel being infiltrated into the appropriate sub-commission of the ACC in the same manner as any civilian personnel. Their duties might include the following:

- a. Obtain offers of goods for export from the Italian Ministry of Commerce or other exporting sources in Italy, and transmit these offers to the US, the UK and other possible buyers.
- b. Represent buyers in the US, the UK and other countries, in order to find, or encourage the production of, goods in Italy which can be sold in those countries.
- c. Buy goods ordered, either from the Italian Ministry of Commerce or directly from suppliers, paying therefore with lire furnished by ACC (MFA) for the account of the Italian Government, unless payment were made directly by the Government.
- d. Make arrangements for the sale of Italian goods in the US, the UK, and other countries.
- e. Determine the prices to be paid for Italian goods by importing countries other than the US and the UK, in accordance with the instructions laid down for fixing, such prices.
- f. Perform all duties of a commercial nature in connection with imports into Italy of relief and rehabilitation supplies which may be delegated to them by the civilian agencies of the US and UK Governments, as those agencies take over supply responsibility from the Military.
- g. Procure imports wanted in Italy from countries other than the US and the UK, operating under the trade and payments arrangements made by ACC, MFA or the governments.
- h. Obtain authorization, whenever necessary, for import or export transactions acting through whatever channels might be prescribed.
- i. Prepare and make proper disposition of the necessary documents in connection with each transaction, and keep such records as may be prescribed.

The Italian Ministry of Commerce.

Function: to handle the internal work of foreign trade. This organization would in general perform all services within Italy connected with obtaining information on export and import opportunities and arranging export and import transactions.

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The rules laid down regarding channels of communication would have an important effect on the success these organizations could achieve, and the extent and rapidity with which they could develop their work. While at the outset all communications doubtless would have to pass through the established military channels, it is felt that greater freedom should be allowed as soon as this is practicable. As long as AFHQ, G-5, and the ACC approve the policy, it should not after a given time be necessary for communications on individual items to be passed through them. The Corporations would operate within the framework of policies and on the basis of directives given them by AFHQ and the ACC, but they would in general communicate directly with their head offices and other branches. For example, the USCC in the US would communicate directly with the Corporations in Italy, the UKCC would do likewise, and the Corporations in Italy would communicate directly with the Corporations in Algiers (for trade with North Africa) or with the Corporations in Cairo (for trade with the Mideast). The Corporations in time should also be able to communicate with the Italian organization without having to pass their communications through the ACC.

For both internal transport and shipping the Corporations and the Ministry of Commerce would have to make their arrangements through existing channels until these are changed.

It is felt that our policy in Italy should be to move to the second stage, described above, as soon as the necessary arrangements can be made. Other areas in the Theatre would continue to be treated in the ways most appropriate to each: the functioning of NAJEM in French North Africa would not be disturbed and in countries such as Austria foreign trade might be conducted at the outset as it was in Italy by the military alone.

The division of responsibilities under the proposed plan in Italy might be varied from that suggested, but the objectives should be on the one hand to relieve AFHQ and the ACC of the need for carrying out commercial transactions, and on the other hand to create an organization appropriate for this work and able energetically to develop Italy's foreign trade.

Enclosure No. 3 to Despatch No. 725 dated August 31, 1944, from the U.S. Political Adviser, AFHQ

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

S E C R E T

ALLIED FORCE HEADQUARTERS
AFHQ 612

24 August 1944.

SUBJECT: Organization for Italian Foreign Trade.

TO: The Secretaries,
Combined Chiefs of Staff,
1501 Constitution Avenue,
Washington, D.C.

1. This letter follows MAT 224 of 24 August, 1944.

2. Problems connected with Italy's foreign trade, and the work of arranging export and import transactions, have been increasing steadily in recent months. Neither the Allied Control Commission nor AFHQ possesses the organization or personnel adequate to perform this work, nor is either staffed to give to the development of this aspect of Italy's economic life the attention which it needs.

3. Within Italy practically all of the work of arranging exports and imports and such rehabilitation for export as there has been, has been done by the ACC as no Italian organization suitable to assist in these duties is functioning at present. In order to provide such an organization there is under consideration by the ACC a proposal to create a Ministry of Commerce which would perform certain foreign trade functions within Italy. Authorization has been given to the ACC, at its request, to recommend to the Italian Government the creation of such a ministry.

4. Machinery is also required by the ACC to handle the commercial details of exporting and importing, and a similar need is felt by AFHQ to assist in conducting foreign trade transactions throughout the Mediterranean theatre. AFHQ, O-8, is not a commercial organization and is not staffed to handle business details of foreign trade transactions. At present O-8 is using the UNCC in conducting trade between Italy and French North Africa and between Italy and the Mideast, but O-8 has no agreement with the UNCC other than an oral understanding. It is

The Secretaries,
Combined Chiefs of Staff,
1901 Constitution Avenue,
Washington, D.C.

1. This letter follows MAC MSG of 24 August, 1944.

2. Problems connected with Italy's foreign trade, and the work of arranging export and import transactions, have been increasing steadily in recent months. Neither the Allied Central Commission nor AFM possesses the organization or personnel adequate to perform this work, nor is either staffed to give to the development of this aspect of Italy's economy the attention which it needs.

3. Within Italy practically all of the work of arranging exports and imports and such rehabilitation for export as there has been, has been done by the ACC as no Italian organization suitable to assist in these duties is functioning at present. In order to provide such an organization there is under consideration by the ACC a proposal to create a Ministry of Commerce which would perform certain foreign trade functions within Italy. Authorization has been given to the ACC at its request, to recommend to the Italian Government the creation of such a ministry.

4. Machinery is also required by the ACC to handle the commercial details of export and import, and a similar need is felt by AFM to assist it in conducting foreign trade transactions throughout the Mediterranean theatre. AFM, G-5, is not a commercial organization and is not staffed to handle business details of foreign trade transactions. At present G-5 is doing the work of a trading company between Italy and French North Africa and between Italy and the Middle East, but G-5 has no agreement with the UNCCO other than an oral understanding. It is felt, with increased trade opportunities throughout the Mediterranean in prospect, that the time has come to formalize this situation and to bring in the UNCCO as well as the AFM. Such an organization would be of great assistance in handling the external work connected with the development of Italy's foreign trade. Together with the proposed Ministry of Commerce it would relieve to a large degree the AFM, and the ACC of attending to many of the business details connected with the making of exports and imports.

5. This Headquarters would appreciate being informed whether UNCCO and UNCCO personnel could be made available for this purpose. It is contemplated that such personnel, if provided, would be attached to G-5 of AFM, and to the Commerce Sub-Commission of the ACC. Subsequently, if it seemed appropriate, they might be given a more independent status.

- 2 -

8. There are attached two memoranda which provide certain background information and discuss in greater detail the organization outlined above. This Headquarters plans shortly to send an officer to Washington and London to assist in coordinating and developing action on this matter, and to discuss various questions that have arisen regarding Italian economic rehabilitation, export and price policies. Before his departure it is expected that he will meet with the mission, headed by Lt. Colonel Culbertson, which is at present in North Africa.

J.C.S. CLARK,
Lieutenant General,
Chief Administrative Officer.

Copy to: Director of Civil Affairs,
our office, Mitchell, S.A. I.

Incls: as above.

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to establish a mission to assist in coordinating and developing action on this matter, and to discuss various questions that have arisen regarding Italian economic rehabilitation, export and price policies. Before his departure it is expected that he will meet with the mission, headed by Lt. Colonel Culbertson, which is at present in North Africa.

J.C.A. CLARK,
Lieutenant General,
Chief Administrative Officer.

Copy to: Director of Civil Affairs,
War Office, Whitehall, S.W. 1.

Incls: as above.

SECRET

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COPY

Enclosure No. 4 to Despatch No. 725, dated August 31, 1944, from the W.C. Political Advisor, Allied Force Headquarters.

SECRET

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

25 August 1944

Major General John H. Hilldring,
Director, Civil Affairs Division
War Department
Washington 25, D.C.

Dear General Hilldring:

I am enclosing copies of two papers which were submitted to the Economic Sub-Committee of the Supreme Allied Commander's Political Committee at a meeting on 9 August 1944.

Since receiving your letter of 29 June I have given considerable thought to the problem of economic rehabilitation in Italy which you underlined in so forcible a manner. Various members of my staff have, of course, been devoting their efforts to this matter and I have discussed it with Captain Stone, General G'Dwyer, Mr. Antolini and others at the AGC who have been working actively on it. In the near future I hope to be in a position to send you a fairly comprehensive reply as to our findings.

The papers enclosed with this letter bear upon one aspect of this problem which has recently been given consideration here. One cannot deal in other than an ad hoc manner with the problem of Italian economic rehabilitation without considering the possibilities of reviving the country's foreign trade. This subject has been forcing itself upon our attention in different ways for quite a time, but we have up to now postponed a broad treatment of it on the ground that it was not a problem calling for immediate attention.

As is pointed out in one of the enclosed Notes by G-5, our first task has been to keep Italy alive and as productive as possible so that it might provide a useful base for continuing operations. However, as the war in this theater draws to an end and our attention is turned increasingly to the problem of how we may bring relief in Italy to an end and get out, foreign trade assumes increasing importance. By helping Italy to assume increasing importance we can gradually place it in

Major General John B. Millard,
Director, Civil Affairs Division
War Department
Washington 25, D.C.

Dear General Millard:

I am enclosing copies of two papers which were submitted to the Economic sub-committee of the Supreme Allied Commander's Political Committee at a meeting on 7 August 1944.

Since receiving your letter of 29 June I have given considerable thought to the problem of economic rehabilitation in Italy which you underlined in so forcible a manner. Various members of my staff have, of course, been devoting their efforts to this matter and I have discussed it with Captain Stone, General O'Dwyer, Mr. Antolini and others at the AGF who have been working actively on it. In the near future I hope to be in a position to send you a fairly comprehensive reply as to our findings.

The papers enclosed with this letter bear upon one aspect of this problem which has recently been given consideration here. One cannot deal in other than an ad hoc manner with the problem of Italian economic rehabilitation without considering the possibilities of reviving the country's foreign trade. This subject has been forcing itself upon our attention in different ways for quite a time, but we have up to now postponed a broad treatment of it on the ground that it was not a problem calling for immediate attention.

As is pointed out in one of the enclosed Notes by C-5, our first task has been to keep Italy alive and as productive as possible so that it might provide a useful base for continuing operations. However, as the war in this theater draws to an end and our attention is turned increasingly to the problem of how we may bring relief in Italy to an end and get out, foreign trade assumes increasing importance. By helping Italy to rehabilitate its exports we can gradually place it in a position where it may pay for imports instead of having them supplied as at present. It is becoming apparent to us that one measure to terminate the Italian relief burden of the United States and the British Empire is first to rehabilitate the production of those goods now being imported, but also to revive certain industries and handicraft businesses which could produce for export as soon as military conditions permit.

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The enclosed papers were well received at the meeting by General Clark, General Lewis, and General Macock, as well as by Mr. Murphy and Mr. Macmillan who indicated satisfaction that these matters were being taken up at this time. All of the recommendations were approved, with a few comments and observations which are being taken account of.

I am also enclosing, for your information, copies of the principal letters and signals which have been sent out to give effect to the Committee's action, with the exception of those which have been despatched by Mr. Macmillan to the Foreign Office and by Mr. Murphy to the Department of State.

Both we and the AGO hope that the mechanism proposed in the report for taking care of the commercial work involved in making reports (the UNCCC proposal) may be approved and put into effect as soon as possible, and that in good time the guidance sought on questions of policy will also be received. As a number of different and complex problems are involved in this program we are planning to send an officer shortly to Washington and London to answer any questions that may arise and to assist in coordinating and developing such action as may seem appropriate. It is our feeling that if we can work out this program satisfactorily in the case of Italy, our experience and the procedure developed may prove useful elsewhere in this and other theaters. The officer in question should leave shortly after I have sent you my reply to your letter on Italian economic rehabilitation, and should be able to provide any further information on this topic that you might wish.

Sincerely yours,

(signed) CHARLES M. SPOFFORD
Colonel, U.S.C.
Asst. Chief of Staff, G-5

Enclosures:

1. Request of the AGO for authorization to recommend a Ministry of Commerce.
2. Report pursuant to instructions given by the Economic Sub-Committee.
3. Copy of letter from the CAO, AFHQ, to the Secretaries, CCS (and the War Office) on "Organization for Italian Foreign Trade".
4. Copy of letter from the CAO, AFHQ, to the

I am also enclosing, for your information, copies of the principal letters and signals which have been sent out to give effect to the Committee's action, with the exception of those which have been despatched by Mr. Macmillan to the Foreign Office and by Mr. Murphy to the Department of State.

Both we and the ACC hope that the mechanism proposed in the report for taking care of the commercial work involved in making reports (the EXCC-UECC proposal) may be approved and put into effect as soon as possible, and that in good time the guidance sought on questions of policy will also be received. As a number of different and complex problems are involved in this program we are planning to send an officer shortly to Washington and London to answer any questions that may arise and to assist in coordinating and developing such action as may seem appropriate. It is our feeling that if we can work out this program satisfactorily in the case of Italy, our experience and the procedure developed may prove useful elsewhere in this and other theaters. The officer in question should leave shortly after I have sent you my reply to your letter on Italian economic rehabilitation, and should be able to provide any further information on this topic that you might wish.

Sincerely yours,

(Signed) CHARLES M. STOFFORD
Colonel, U.S.C.
Asst. Chief of Staff, G-5

Enclosures:

1. Request of the ACC for authorization to recommend a Ministry of Commerce.
2. Report pursuant to instructions given by the Economic Sub-Committee.
3. Copy of letter from the CAO, AFHQ, to the Secretaries, CCS (and the War Office) on "Organization for Italian Foreign Trade".
4. Copy of letter from the CAO, AFHQ, to the Secretaries, CCS (and the War Office) on principles to be adopted in fixing the prices of goods, etc.
5. Copy of letter from the Asst. Chief of Staff, G-5, AFHQ, to HQ, ACC, on "Italian Exports".

COPY FOR MR. WILLIAM W. SWANSON, JR., ROME.

AIR MAIL

No. 724

August 31, 1944.

SUBJECT: Policies to be Followed by the Allied Control Commission in Guiding the Italian Government in Preparing for the Revision of its Trade Controls and its International Commercial and Financial agreements.

SECRET

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my despatch No. 700 of August 25, 1944, and to enclose copy of an Aide-Memoire entitled: "Policies to be Followed by the Allied Control Commission in Guiding the Italian Government in Preparing for the Revision of its Trade Controls and its International Commercial and Financial agreements."

The enclosure was prepared subsequent to the meeting of the Economic Subcommittee, AFHQ, on August 9, 1944, for consideration by the competent authorities in Washington and London, and in a desire to be helpful in the formulation of policies by the Allied Control Commission in guiding the Italian Government in the revision of trade controls and in its international commercial and financial agreements. This paper includes the proposal that a civilian adviser, or American and British civilian advisers, on commercial policy, be sent to Italy to be attached to the staff of the Allied Control Commission. The competent authorities at AFHQ will be

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sion in Guiding the Italian Government in Preparing
for the Revision of its Trade Controls and its Inter-
national Commercial and Financial Agreements.

ENCLOSURE

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my despatch No. 700 of August
22, 1944, and to enclose copy of an Aide-Memoire entitled: "Poli-
cies to be followed by the Allied Control Commission in Guiding
the Italian Government in Preparing for the Revision of its Trade
Controls and its International Commercial and Financial Agreements."

The enclosure was prepared subsequent to the meeting of the
Economic Subcommittee, AFSA, on August 5, 1944, for consideration
by the competent authorities in Washington and London, and in a de-
sire to be helpful in the formulation of policies by the Allied
Control Commission in guiding the Italian Government in the revision
of trade controls and in its international commercial and financial
agreements. This paper includes the proposal that a civilian
adviser, or American and British civilian advisers, on commercial
policy, be sent to Italy to be attached to the staff of the Allied
Control Commission. The competent authorities at AFSA will be

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grateful . . .

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grateful to the Department for whatever information and guidance it may see fit to give regarding the principles and policies which it considers that the Allied Control Commission should follow in guiding the Italian Government with respect to these matters.

Respectfully yours,

(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

Enclosure:

Copy of Aide-Memoire as stated.

RMH/jch
800

Distribution:

In triplicate to Department.
Copy to Ambassador Kirk, Rome.
Copy to Mr. William W. Schott, AGO, Rome.



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Enclosure to Despatch No. 724, dated August 31, 1944, from the United States Political

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Adviser,
APH

AIDE-MEMOIRE II

POLICIES TO BE FOLLOWED BY THE ALLIED CONTROL COMMISSION
IN GUIDING THE ITALIAN GOVERNMENT IN PREPARING FOR THE
REVISION OF ITS TRADE CONTROLS AND ITS INTERNATIONAL COM-
MERCIAL AND FINANCIAL AGREEMENTS.

The Italian tariff is at present in force and, while most supplies pro-
vided by the Allies have in fact been imported free of duty, it is reported
that duties have been collected at certain ports on certain goods. At
present an executive memorandum is under preparation which will suspend the
collection of customs import and export duties, including license taxes, on
all goods other than petroleum, matches and coal. Petroleum products have
been sold by ACC to civilian users for the account of the Italian Government
at a price which includes the duty, but these are the only goods in respect
of which this action has been taken. Matches are a state monopoly, and coal
a state distribution monopoly; on these two products the government's account-
ing system seems to necessitate the collection of the customs duties.

During the period while the general suspension of customs duties is in
effect it is felt that the Italian Government should study the entire situ-
ation with a view to preparing a new tariff. The existing tariff, it may
be presumed, will be considered both by the Italian Government and the Allied
Governments to need extensive revision. It reflects pre-war conditions, is
based on Fascist principles, was one of the instruments for promoting economic
autarchy and is related to numerous commercial and financial agreements which
will not be revived after the war.

The need for a new tariff and for a revision of Italy's other trade
controls may not be as far distant as appears at first sight. It is possible
that before the end of the autumn Italy may have land frontiers with France,
Switzerland, Austria and Yugoslavia. As soon as this is the case the need
will inevitably be felt for some exchange of goods with each of these coun-
tries. For instance, power is one of the most important of Italy's require-
ments; much of Italian generating equipment comes from Switzerland; certainly
it would seem advantageous if replacement parts could be obtained as soon as
possible.

At the outset, we may assume, purchases and sales across frontiers will
be made by the military, and for a considerable period all imports and exports
of importance may be carried on through military channels. It appears not
unlikely, however, that pressure may quickly be felt for means of conducting
not only border traffic but a fairly extensive private trade in uncontrolled
items. If this pressure is not recognized, and if legal conditions are not
created under which a modicum of private trade between neighboring countries
can take place, smuggling may be expected to make an appearance. Between
Liberated Italy and Yugoslavia it is reported that smuggling is already taking
place.

To prevent smuggling and chaotic trade conditions developing along its
frontiers it would seem that the Italian Government, under the guidance of
the ACC, should soon give consideration to the revision of its customs and

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other trade controls, and to the means of effecting payments between itself and neighboring countries. These matters do not lend themselves to rapid solutions; thoroughgoing tariff revisions have been known to consume years of study; and with its trade controls probably nearly all of Italy's commercial and financial agreements with other countries will have to be rewritten. The magnitude of this task, and the time that even the preparatory work will require, should not be underestimated.

Prior to the war Italy had built up a network of international agreements regulating trade and payments. As the Italian Government undertakes the review of these agreements it must formulate the policies on which its future Commercial relations are to be based. In this connection the ACC, it would seem, may be called on to take a position as to whether Italy in future should follow the policies of economic nationalism, balancing its trade bilaterally, forcing exports by exchange clearing devices, making special deals through compensation agreements, discriminating against one country and favoring another, or whether an effort is to be made to integrate Italian economy with European and world economy, and to develop foreign trade on the basis of more liberal principles. It will be only too easy for the Italian Government in the difficult post-war conditions to take the former course.

At present the ACC is wholly without guidance on these matters, and AFHQ has been unable to provide it with guidance as it has received none from Washington or London.

Having considered this general problem, the Economic Sub-Committee of the Political Committee has approved the following two recommendations:

1. That a civilian advisor, or American and British civilian advisors, on commercial policy be sent to Italy to be attached to the staff of the ACC for the purpose of working with the Italian Government on the revision of its tariff and other trade controls and on preparations for the renegotiation of its international commercial and financial agreements.
2. That the US and UK Governments be approached for information as to the principles and policies which the ACC should follow in guiding the Italian Government with respect to these matters.

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COPY FOR MR. SCHOTT, AGC, ROME.

AIR MAIL

No. 723.

August 31, 1944.

SUBJECT: Principles by Which the Allied Control Commission
Should be Guided in Exercising Supervision and Control
over the Resuscitation of Italian Foreign Trade.

SECRET

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to my Despatch No. 700 of August 22, 1944, and enclose a copy of an Aide-Memoire prepared by AFHQ entitled: "Principles by Which the Allied Control Commission Should be Guided in Exercising Supervision and Control over the Resuscitation of Italian Foreign Trade."

As previously stated, I promised at the last meeting of the Economic Subcommittee, AFHQ, to present the enclosure to the Department for its consideration in connection with whatever study of the longer term Italian economic problems may be in process, in an endeavor to obtain information and guidance for the benefit of the Allied Control Commission in its formulation of policies and programs for Italy. The interested agencies of AFHQ will be grateful to the Department for its advice and comment.

Respectfully yours,

(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

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SECRET

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to my Despatch No. 700 of August 22, 1944, and enclose a copy of an Aide-Memoire prepared by AFHQ entitled: "Principles by Which the Allied Control Commission Should be Guided in Exercising Supervision and Control over the Reconstitution of Italian Foreign Trade."

As previously stated, I promised at the last meeting of the Economic Subcommittee, AFHQ, to present the enclosure to the Department for its consideration in connection with whatever study of the longer term Italian economic problems may be in process, in an endeavor to obtain information and guidance for the benefit of the Allied Control Commission in its formulation of policies and programs for Italy. The interested agencies of AFHQ will be grateful to the Department for its advice and comment.

Respectfully yours,

(Signed): ROBERT D. MURPHY.

Robert D. Murphy.

Enclosure:

Copy of Aide-Memoire as stated.

RDW/lgh
BCO

Distribution:

In triplicate to Department.

Copy to Ambassador Kirk, Rome.

Copy to Mr. William W. Schott, AGO, Rome.



Enclosure to Despatch No. 723, dated August 31, 1944, from the United States Political Adviser, AFHQ

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AIDE - MEMOIRE I

**PRINCIPLES BY WHICH THE ALLIED CONTROL
COMMISSION SHOULD BE GUIDED IN EXERCISING
SUPERVISION AND CONTROL OVER THE RESUSCITATION
OF ITALIAN FOREIGN TRADE**

Foreign trade up to the present has played a moderately important part in the work of the ACC. A variety of items have been exported, amounting in total to about 50,000 tons, but commercial imports thus far have been negligible. The initiative for exports has come from two sources. On the one hand, goods have been asked for by Washington, London and the OFIN, after allocation by the CCS; on the other hand, surplusses available for export have been advised by the ACC through G-5 to the CCS, and in certain cases orders have subsequently been received for shipments to the U.S. or the U.K.

Apart from procuring goods ordered and offering obvious surplusses, the ACC has not made any particular effort to develop Italy's exports. The time, until now, had not come to do so. Shipping and port space could not be allocated for the carriage of any volume of goods not essential to the war effort; ACC lacked the personnel; and the Italian Government was not able to share responsibility for this work.

The time is now approaching when a broader view of Italy's foreign trade problem would appear to be called for, and a more positive attitude adopted. The Italian Government, in possession of its ministerial facilities in Rome, is now in a position to take an active part in export development and is anxious to do so. The impending infiltration of civilian personnel into ACC and the possible use of the UKCC and the USCC may be expected to provide more expert assistance in the foreign trade field. And steps are now being taken, or are under consideration, by ACC in the field of industrial rehabilitation which require the formulation of foreign trade policies and programs.

Furthermore, the nation's interest requires that it actively search for, and pursue, policies most conducive to the sound expansion of its exports. The ACC as the body controlling the Italian Government, cannot properly display a negative attitude in this matter. Nor is it in the interest of the U.S. and the U.K. that it should follow a negative policy. The first task of the Allies has been to keep Liberated Italy alive and as productive as possible so that it might provide a useful base for continuing operations. As the war draws to an end, however, it would seem that attention might advantageously be turned to the problem of how we may be able to bring relief to an end and get out.

Foreign trade is the core of this problem. Cotton, wheat, coal, oils, steel, copper and many other foodstuffs and raw materials, as well as semi-manufactured and manufactured goods, must always be imported to keep Italy's economy operating and its people fed. There is nothing unusual in this situation; the nation has always been heavily dependent on imports which have been paid for by the tourist business and by exports. Italy must export to live.

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MacMillan to the Foreign Office and by Mr. Murphy to the Department of State.

d. The progress that can be made by Italy in the field of economic rehabilitation will be limited, and effective planning will be difficult, so long as the basis of its commercial relations with the world's two largest commercial powers remains unsettled and indeterminate. The Economic Sub-Committee, therefore, has approved a recommendation that the ACC study the possible bases for commercial agreements with the United States and the United Kingdom. The Sub-Committee's thought was that this study should be initiated by the ACC, but that the Italian Government should be brought into it at an early stage and should be made responsible for the preparation of the basic material. It was further contemplated by the Sub-Committee that the ACC, at the appropriate time, might approach the American and British Governments with the request that conversations be initiated looking to the conclusion of commercial agreements, and it was suggested that this matter might be referred by Mr. MacMillan and Mr. Murphy to the Foreign Office and the Department of State for any comments they might wish to make.

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Unless Italy can export, relief will be needed in Italy. Food and raw materials will always have to come from the United States and the British Empire; such imports cannot stop. But by helping Italy to rehabilitate its exports business and to reopen its foreign markets we can gradually place the country in a position where it can pay for those imports instead of having them supplied as at present. In other words the way to bring the Italian relief burden of the United States and the British Empire to an end is to rehabilitate not only the production of those goods now being imported, but also the host of industries and handcraft businesses which could produce for export.

Having considered this general problem, the Economic Sub-Committee of the Political Committee has approved the following four recommendations:

- a. When the Italian Government shall have created the proposed Ministry of Commerce it will possess a body larger than required for the present limited export program. The Economic Sub-Committee has approved the recommendation that this organization as one of its first duties should be asked by the ACC to draw up a list of items, with f.o.b. lire prices, which could be made available for export in the relatively near future and whose production would require little rehabilitation and little or no imported supplies. This list will be submitted to Washington and London, and possibly to the CPLN and others, by G-5 AFHQ or by the Corporations if their functioning in this capacity shall have by then been authorized.
- b. The Anti-Inflation Committee of the ACC has recommended the "development of those production, industrial and transport facilities which though not directly benefiting the war effort, indirectly do so by increasing production of essential consumer goods, checking inflation and contributing to the economic and political stability of the population in rear of fighting forces". In a country such as Italy where so large a part of the economy is based on foreign trade it is impossible adequately to carry out the task of rehabilitation without reference to the many industries and handcrafts which traditionally have manufactured for export. Accordingly, the Economic Sub-Committee has approved the recommendation that the ACC be requested to prepare a study in conjunction with the appropriate departments of the Italian Government, providing a scheduled program of industries which should be rehabilitated or developed for export. A study of this nature would also seem necessary in connection with the plan which it is understood that the ACC has proposed to the Italian Government for the establishment of an Industry Advisory Board and industry committees. The letter on this matter from ACC to the Minister stated: "It is suggested, therefore, that first consideration should be given to the following four categories of industrial activity: --- Thirdly, those industries whose products have traditionally been exportable or whose products under prevailing and post-war conditions are likely to find a ready sale in world markets".
- c. Before the study suggested in the preceding paragraph can be carried to its conclusion, it will be necessary to form some estimate as to the conditions of European economic rehabilitation and the general framework in which foreign trade will take place. It is believed that considerations has been given to these problems by the governments in Washington and London for some time, and that they are among the subjects that are being or will be studied by the European Advisory Commission. The Economic Sub-Committee has approved a recommendation that steps be taken to obtain information and guidance on these matters for the benefit of the ACC in its formulation of policies and programs for Italy, and it has suggested that the question be referred by Mr.

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HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO #394

MINUTES OF MEETING OF REPRESENTATIVES OF THE ITALIAN
GOVERNMENT AND REPRESENTATIVES OF THE ALLIED COM-
MISSION, 3 NOVEMBER 1944, 1600, RE "PROGRAM
OF ESSENTIAL ITALIAN IMPORTS".

PRESENT:

R. E. Cerabona, Minister of Communications
H. E. Cullo, Minister of Agriculture
H. E. Crenchi, Minister of Industry, Commerce and Labor
H. E. Solbi, Minister of Treasury
H. E. Bergami, Under-Secretary of Agriculture
H. E. Rinaldi, Minister without Portfolio
Comm. Introna, Bank of Italy
Mr. A. G. Antolini, Acting Deputy Chief of Staff, E/S
Col. L. D. Densmore, Chief Staff Officer, E/S
Mr. Harlan Cleveland, Special Assistant to DCOS, E/S
Mr. Emilio Garavaglia, Economic Section Staff
Mr. Henry H. Barker, Economic Section Staff
Col. R. Martino, Chief, Requisition Division, E/S
Mr. James B. Hurley, Requisition Division, E/S
Mr. Leland G. Allbaugh, Director, Agriculture S/C, E/S
Major J. Lurie, Food Sub-Commission, E/S
Col. A. P. Craftsey-Smith, Joint Director, Finance S/C, E/S
Major Fred Tooby, Finance Sub-Commission, E/S
Col. S. A. Crump, Commerce Sub-Commission, E/S
Mr. Wm. S. Vaughan, Director, Industry S/C, E/S
Col. L. A. Jenay, Director, Public Works & Utilities S/C, E/S
Col. D. S. Adams, Director, Transportation S/C, E/S
Major A. H. Street, Transportation S/C, E/S
Mr. Merritt Taylor, Chief, Priorities & Movements Div., E/S
Captain R. Gray, ARHQ, C-5

NOTE

These minutes were taken from those remarks and state-
ments at the meeting which were made in English. They
therefore reflect the Ministers' statements in Italian only
to the extent that they were translated or summarized by
the Chairman (Mr. A. G. Antolini).

ANTOLINI: I will summarize briefly what I have told the Ministers
as a preliminary to our discussion. I have notified the Ministers
that as a preliminary step to the ultimate determination of the
exact credit which will be passed on to the Italian Government we
believe it to be important at this stage for them to state what

Mr. Lefkowitz
3rd floor - Room 10

H. E. Cerdobona, Minister of Communications
 H. E. Guilo, Minister of Agriculture
 H. E. Gronchi, Minister of Industry, Commerce and Labor
 H. E. Solmi, Minister of Treasury
 H. E. Bergami, Under-Secretary of Agriculture
 H. E. Amintore, Minister without Portfolio
 Comm. Italiana, Bank of Italy
 Mr. A. G. Antolini, Acting Deputy Chief of Staff, E/S
 Col. L. D. Densmore, Chief Staff Officer, E/S
 Mr. Harlan Cleveland, Special Assistant to DCS, E/S
 Mr. Emilio Geravaglia, Economic Section Staff
 Mr. Henry W. Baskin, Economic Section Staff
 Col. R. Martino, Chief, Requisition Division, E/S
 Mr. James E. Hurley, Requisition Division, E/S
 Mr. Leland C. Allbaugh, Director, Agriculture, E/S
 Major J. Imrie, Food Sub-Commission, E/S
 Col. A. P. Grafton-Smith, Joint Director, Finance S/C, E/S
 Major Fred Tooby, Finance Sub-Commission, E/S
 Col. S. A. Crump, Commerce Sub-Commission, E/S
 Mr. Wm. S. Vaughan, Director, Industry S/C, E/S
 Col. L. A. Jenny, Director, Public Works & Utilities S/C, E/S
 Col. D. S. Adams, Director, Transportation S/C, E/S
 Major A. W. Street, Transportation S/C, E/S
 Mr. Merritt Taylor, Chief, Priorities & Movements Div., E/S
 Captain R. Grady, AFHQ, G-3

NOTE

These minutes were taken from those remarks and statements at the meeting which were made in English. They therefore reflect the Ministers' statements in Italian only to the extent that they were translated or summarized by the Chairman (Mr. A. G. Antolini).

ANTOLINI: I will summarize briefly what I have told the Ministers as a preliminary to our discussion. I have notified the Ministers that as a preliminary step to the ultimate determination of the exact credit which will be passed on to the Italian Government we believe it to be important at this stage for them to state what they need. Within certain definite limitations of foreign exchange, I have indicated to them in brief the mechanism of Washington procurement and agreeing and given them the criteria of judgment to be used on this program and/or requisitions. With your concurrence I shall review this paper with them. Anticipating the Ministers' questions I am going to talk to them briefly now in terms of giving them basic information that will be required on our system of requisitioning and our supply positions.

(Outline of program distributed to the Ministers and to Allied Commission representatives.)

RUINI: Accepts the program and warmly applauds it on the part of the Italian Government and assures us of their closest cooperation. He restates the case of how this credit will be finally established. He poses the question which was in effect self-answered that the program should be one of determining the priority of needs for consumer goods and production goods. He implied that production goods would, of course, be of greater use to them so that they could, as soon as possible, be in a position to produce consumer goods for themselves. He fully understands that the program in scope is one of first aid and here I have translated his statement literally. I feel sure that he has understood and that our outline is clear to them. They have requested that we review the program point by point.

GRONCHI: Believes that to set a limit was important but to know the cost was fundamental. I told him I knew that getting exact costs presented difficult problems, but that we had experts to help them and I felt that we could reach an approximate figure on costs. We can get catalogs if we find we are in a vacuum.

GRONCHI: Question raised on coal: Is coal a Category "A" or a Category "B" item? As Col. Grimley-Smith and Mr. Cleveland say, we perpetuate the end use of coal for Category "A" when it is a military necessity, but when the end use of coal falls outside the scope of military program it will naturally come under Category "B".

BERGAMI: Does the Category "A" item cease to be Category "A" when the geographic area involved is no longer of military importance? Would distribution come out of Category "A" regardless of geography?

ANTOLINI: Yes. For this purpose we cannot consider that there is a geographical distinction between Category "A" and Category "B".

BERGAMI: Assuming that food is in Category "A", it may result that the amount of food now being brought in under Category "A" may not be sufficient. Hence, will they be allowed to buy food out of the total credit in Category "B"?

ANTOLINI: I would think that the program should reflect the need in the first instance but with your permission I will answer their question in this way: We are bringing in the maximum we can with the shipping available, and if we cannot get it we are positive that the Italian Government cannot get it.

GRONCHI: Is transportation of requested items assured?

ANTOLINI: We know our program but shipping is not assured.

BERGAMI: Question has again reverted to food. Carrying out their thought he said that the Italian Government might want to use a substantial portion of this money for buying wheat. That might be a necessity for the tranquility of the people. Though we might accept it as a program, perhaps even if the world supply would support their needs, shipping might not be available in adequate amounts.... The other Ministers look upon this program as a "first-aid" program and that it should be restricted to the bare minimum of necessities.

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ANTOLINI: We know our program but shipping is not assured.

BERGAMI: Question has again reverted to food. Carrying out their thought he said that the Italian Government might want to use a substantial portion of this money for buying wheat. That might be a necessity for the tranquility of the people. Though we might accept it as a program, perhaps even if the world supply would support their needs, shipping might not be available in adequate amounts.... The other Ministers look upon this program as a "first-aid" program and feel that it should be reflected in the re-activation of agricultural and industrial production.

GULLO: Points out also that shipping is obviously the most difficult factor to be determined. If shipping is so difficult to be determined and if it is, in effect, the determining factor by and large, and if they find that we may consider that in Category "A" items like wheat it would be difficult to supplement our present import program, how do we see that we would be able to secure shipping for Category "B" supplies? I have answered his question to the effect that the considerations applying to wheat affect only the commodities which are bulk cargoes and require a great deal of shipping - mostly wheat and coal.

SOLERI: Restates his position which seems to have the concurrence of the other Ministers to the effect that they, the Italian Government, must consider the Category "A" goods as top priority in shipping and perforce Category "B" items will be secondary in terms of need. Therefore, they feel that they must take the view of requesting only most urgently needed Category "B" items.

SOLERI: Says that all you are talking about is production goods and consumer goods but "you are not telling me that you are going to allow me to take any of this money for stabilizing the lira".

ANTOLINI: I have told the Ministers exactly what our position is on the feeding of this country. We have requested import to satisfy 300 gram ration and to date we have an unbalanced ration because we are unable to get shipping for imports. I have indicated that Category "A" items may well reflect a substantial portion of transportation and shipping. I have asked them to take a realistic viewpoint on the feeding of their country in terms of shipping problems.

RUINI: Suggests that it be added there, to put it on the positive side, that this Category "B" reflects a first-aid emergency program -- BERGAMI: "A harnessing program".

GRONCHI: Raised the question whether or not we will perhaps put "the cart before the horse" in asking to program certain goods without knowing their availability. He is afraid that the Italian Government position on the program - not knowing the availability of goods - would place them in an unrealistic position and indicated that if they knew something was not available they would have to use a substitute. I have told him that in all government purchases you screen programs as to end use and justification, and then you inquire as to the availability.

CLEVELAND: Should it not be explained to them that "availability" depends a great deal too on the justification of the requested items? (Antolini explained Mr. Cleveland's point to the Ministers.)

GRONCHI: Would like to treat it in some cases with an alternate plan. If we cannot supply an item requested they would like to substitute another item for the unavailable one. For instance, if they could not get the finished product, would it be possible for them to secure raw materials (and machinery, if necessary) for their own production.

VAUGHAN: Requested Mr. Antolini to tell Minister Gronchi that members of his Sub-Commission were always available for discussion of any problems the Ministry might have in this respect. (Antolini translated this message to Minister Gronchi.)

GRONCHI: Feels, on first impression, that priority in the Category "B" items should be somewhat as follows:

1. Transport
2. Electrical equipment

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RUINI: Suggests that it be added there, to put it on the positive side, that this Category "B" reflects a first-aid emergency program.

-- BERGAMI: "A harvesting program".

GRONCHI: Raised the question whether or not we will perhaps put the cart before the horse in asking to provide certain goods without knowing their availability. He is afraid that the Italian Government position on the program - not knowing the availability of goods - would place them in an unrealistic position and indicated that if they knew something was not available they would have to use a substitute. I have told him that in all government purchases you screen programs as to end use and justification, and then you inquire as to the availability.

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GRONCHI: Feels, on first impression, that priority in the Category "B" items should be somewhat as follows:

1. Transport
2. Electrical equipment
3. Agricultural equipment and supplies
4. Cotton, wool and hides for the clothing, for footwear, and textile industries

ANTOLINI: I have requested the Ministers to review 5.c. and 5.d. at once so that we may be given a deadline for their presentation. They have agreed to present to us in about a week an outline of programs related to 150, 200, and 250 million dollars in foreign exchange. At that time another meeting will be held with them.

(See page 4 for Distribution)

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ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

October 1944

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SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

October 1944

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Declassified E.O. 12356 Section 3.3/NND No. 785016

SUMMARY OUTLINE OF ESSENTIAL ALLIAN IMPORTS

In the following pages are summarized the current views of the Economic Section, Allied Control Commission, with respect to Italy's most essential needs for imported supplies, roughly during the first half of 1945.

The supplies to be imported have been broken down into two categories:

Category "A": Those items and quantities which are considered to fall within the military mission of "preventing disease and unrest", as interpreted by the Combined Chiefs of Staff. The only basis ACC has for judging what falls within or without this general formula is the series of decisions by the agencies of the Combined Chiefs of Staff on particular requisitions for civilian supplies for Italy during the past several months. Hence the line between this and the following category is necessarily hard to draw.

Category "B": Those items and quantities which fall outside the scope of the military program of civilian supply (Category "A") and for which provision must therefore be made by the civilian agencies of the Allied Governments. The total amount of money available for the furnishing of Category "B" supplies has been assumed to be the equivalent of \$250,000,000.

Transportation

The chief factor limiting anything to be done in Italy is transportation. That is not a very exciting statement, but the fact has cost the United Nations thousands of shipping tons, of dollars and of pounds sterling.

The Allied Control Commission is convinced that unless adequate provision is made for transporting goods and people within Italy, a large part of any import program will be wasted. Specifically, it believes that any program of Category "B" supplies would be largely wasted unless provision can be made for a minimum number of trucks, tires, tubes, batteries, patching kits and fuel to run both the imported trucks and those that can be put into working order by the provision of needed parts.

The need for trucks is so acute that they are considered to be in a special priority class by themselves. On this basis, the estimated needs for trucks and related supplies, broken down by the zones north and south of the Pisa-Rimini line, are given in Appendix "A".

In addition to the needs for trucks, there is an acute need for railroad locomotives and freight cars, and for coal to run even the locomotives now available for civilian use. Arrangements in this regard are necessarily worked out from day to day with the military railway services and the coal supply authorities of the Allied Armies.

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Category "A" Supplies

The supplies required for the "military necessity" needs of Italy have in most cases already been requisitioned. This is not to say that during the first six months of 1945 there will not be additional requisitions as the northern part of the country is opened up and unutilized essential needs are encountered. Current requisitions, however, give the best indication of needs for Category "A" supplies as currently anticipated by the ACC.

Incorporation in this summary report of the detailed figures and specifications in all these requisitions would be an unprofitable exercise, since the relevant facts and figures have already been sent through military channels and are available for inspection in Rome, Caserta, London, and Washington. The requisitions already stated as falling within the military category of civilian supply have therefore been referred to by requisition number only. The list of these requisitions, by general commodity or purpose groups, will be found in Appendix "B". It should be understood, however, that some of these requisitions have already been filled in whole or in part. They are all included in order to give a complete reference list. Information on action taken on each requisition is presumably available in London and Washington.

Certain commodities require special comments, as follows:

Food - Requests for food imports are handled as statements of requirements rather than as formal requisitions. Estimated requirements through June 1945 are submitted to the CCAC in Washington are shown in Appendix "C". The quantities of wheat and flour shown are required to implement a bread ration of 300 grams throughout Italy, as recommended to the Combined Chiefs of Staff by the Theatre Commander in his letter of 24 September 1944 (CCAC 105/2).

Fuel - Estimates of requirements for both coal and petroleum products are made by Allied Force Headquarters, considering military and civilian needs as parts of a consolidated, "peaked", import program for the theatre. It is therefore not possible at this time for the Allied Control Commission to give any firm estimate of the quantities of these important commodities falling in Category "A". (In Category "B" an attempt has been made to relate requirements of coal to the industrial products listed).

Power - After very considerable effort, Southern Italy has been provided with power for most of its essential needs. In Central Italy, where 94 percent of all generating capacity was destroyed, the "other" need runs into hundreds of thousands of kilowatts. Of the huge potential demand for mobile generating plants only 75,000 KW were requested by ACC and only 60,000 KW were approved by the theatre and requisitioned from Washington. Additional emergency generating capacity will undoubtedly be needed in the north, where the destruction is expected to be nearly complete, and where two-thirds of Italy's power capacity is concentrated.

Agricultural Supplies - A table showing the essential minimum imports of agricultural supplies, classified as Category "B", is attached as Appendix "D". These supplies are for use in Italy during the Spring of 1945. It should be emphasized that every ton of imports shown in this table can be justified as saving two or more tons in imported food during the next crop year.

Clothing, shoes, and textiles - LAC Airgram 32 gave the requirement of clothing, shoes, and textiles for the civilian population of Southern Italy and the Islands. Although there is every indication that the need for clothing (or the wherewithal to make clothing) remains one of the most acute consumer needs after food, no affirmative action has been taken on this requisition in Washington. As we move into the north, large additional needs will be uncovered and will have to be met. At present, therefore, the picture on clothing, shoes, and textiles is not bright.

A special project has been under way to provide shoes for the public safety agents of the Italian Government. The needs for this purpose have been set so far primarily from the repairing of Army salvaged shoes in Italy. Increased demands for this purpose in the future may require the import of certain quantities of findings and leather to aid in this repair project.

Category "B" Supplies

It has been indicated to ACC by the U. S. State Department and the British Foreign Office that roughly \$250,000,000 might become available for the purchase of essential imports into Italy, over and above the items and quantities approved as part of the military program. The question therefore arises: In what way would such a sum be most efficiently used in meeting the essential requirements of the Italian people and their economy?

Although an attempt is made here to give a very rough preliminary answer to this question, the answer is necessarily based on assumptions with respect to a host of other, unanswered, questions. For example:

(1) Neither the scope nor the duration of the "military" program (i.e., that approved by the Combined Chiefs of Staff) is clear. It has therefore been necessary in this outline to make a rather arbitrary division between what is and is not included in it.

(2) Two-thirds of Italy's productive power is not yet liberated, and there is little accurate information as to the condition in which the areas north of the Pisa-Rimini line are likely to be found. Present indications are that the productive facilities in the area will be largely destroyed by the retreating Germans.

Subject to these limitations, an attempt has been made to indicate in what types of imported supplies the assumed amount of \$250,000,000 should be invested, in the best interests of the Italian people and of the United Nations. The estimates that follow are put forward, in effect, as a tentative agenda for further and more detailed discussion.

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of specific projects and requisitions which will need to be agreed on between the Italian Government and the Allied Control Commission.

The first need is always transportation. Since transportation is the factor limiting everything that is done in Italy, and since the military are in any event the only financial sources of supply for transportation facilities for at least the next year or so, it is assumed that minimum transportation needs especially in terms of trucks, will be provided as part of the Category "A" program, for which the military assume responsibility. Unless a reasonable provision can be made for essential transportation needs, along the lines of Appendix "A", it would probably be a mistake, from the standpoint of any of the parties concerned to make the type of investment mentioned.

Assuming that \$250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$60,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies (other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining \$190,000,000 would be applied, almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the fishing industry, would take up about \$6,650,750, while \$46,148,000 is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industries which make (a) goods essential to the living of any civilized people (clothing, for example), and (b) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this limited sum of money is the following: With \$190,000,000 it is not possible to start production going in Italy to any considerable extent; all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

The basic estimates in which the above allocation of funds is made are given in Appendices "A", "B", and "C". The first of these is a memorandum and tabulation showing what it would take, in terms of money, to repair war damages south of the Pisa-Rimini line, an estimate of damages north of that line. Although there is included in Category "B" for the present purpose only a portion of the estimates for the power industry, the reclamation of land flooded by the Germans, and a special program of heavy engineering equipment, the entire memorandum is included as an Appendix because it gives an idea of the scope of the real

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task of rebuilding Italy. More recent information indicates that the assumptions in the memorandum with respect to damage in the north were unduly optimistic; the true costs, therefore, would probably be considerably higher than those indicated in the tabulation.

Appendix "F" indicates the cost of rebuilding, repair, maintenance, and operating supplies, for a number of basic industries, in terms of the money value of imported supplies and also in terms of power and imported coal. The data on industries in the southern part of the country (at least up to a line drawn through the city of Termini) is based to a considerable degree on actual engineering surveys in the field; the needs for the rest of the country are estimated by the use of factors based on the proportion of Italy's total production in each industry which is located in the southern part.

Appendix "G" shows the breakdown of the \$6,150,750 which is taken as the cost of essential imports of agricultural supplies, and supplies for the fishing industry over and above those already requisitioned through military channels.

The following table summarizes the allocation of the \$250,000,000 to the various categories of essential needs.

TABLE I

TENTATIVE ALLOCATION OF FUNDS FOR CATEGORY "B"
IMPORTS INTO ITALY

Total funds assumed to be available	250,000,000
ELECTRIC POWER INDUSTRY (1)	
Power stations	76,700,000
Switching stations	10,000,000
Transmission	24,000,000
PUBLIC WORKS (2)	
Heavy engineering equipment (3)	6,000,000
Reclamation projects (4)	500,000
BASIC INDUSTRIES (5)	
AGRICULTURE AND FISHERIES (6)	
Total funds allocated	189,297,750
Reserve for urgent needs	60,702,250
Total funds assumed to be available	250,000,000

NOTES ON TABLE I

- (1) One half of the figures shown in Appendix "C" as imports for power industry, south of the Pisa-Rimini line.
- (2) South of Pisa-Rimini Line.
- (3) LAC Airgram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff as a military requirement, would cost roughly \$2,000,000. At least three times this quantity of equipment would be required for the entire southern area up to the Pisa-Rimini line --hence the estimate of \$6,000,000.
- (4) Mostly motors for pumping out former reclamation projects flooded by the Germans.

Power stations	75,500,000	
Switching stations	30,000,000	
Transmission	25,000,000	130,500,000
PUBLIC WORKS (2)		
Heavy engineering equipment (3)	6,000,000	
Railway projects (4)	500,000	6,500,000
BASIC INDUSTRIES (5)		
AGRICULTURE AND FISHERIES (6)		46,147,000
		6,150,750
TOTAL FUNDS ALLOCATED		
		189,297,750
Reserve for urgent needs		50,702,250
TOTAL FUNDS ASSIGNED TO BE AVAILABLE		
		230,000,000

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- (4) Mostly motors for pumping out former reclamation projects flooded by the Germans.
- (5) See Appendix "H". The area involved here is the Italian mainland south of the Tarni line, plus Sicily and Sardinia.
- (6) See Appendix "G". In the case of agriculture, it is possible to predict the supply requirements with reasonable accuracy for all parts of the country. The figure for total Italy is therefore used in this summary statement.

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APPENDIX A
Estimated Requirements
for Trucks and Related Supplies by Area

	Unit		South of P-R L. North of P-R L.	
Trucks (all sizes) (1)	No.	1,700 (2)	5,000 (2)	
Tires (3)	No.	22,108	44,216	
Tubes (3)	No.	23,390	46,780	
Batteries	No.	1,376	2,752	
Patching Kits	No. of Kits	6,566	13,132	
Additional POL for new trucks (for six months)	Bbls	40,600	120,000	

NOTES

- (1) As a result of changes made by AFHQ, the requisition which reached Washington (LAC Airmag 51 of 20 August 1944) requested 1,700 trucks for the northern part of the country and no trucks whatever for the southern part. However, the figures shown here are still the best minimum estimate by ACC of the need for imported trucks. The 5,000 trucks for the north are currently under requisition to AFHQ.
- (2) 250 may be available from Peninsular Base Section, Italy and 250 from British Army sources.
- (3) In addition to the finished tires and tubes, a requisition has been submitted to AFHQ on 22 September 1944 for raw materials and supplies for the repairing and retreading of tires and tubes at the Rome and Bari plants for a six-month period beginning 1 October 1944 (Requisition No. ACC-WMC-35-45). More of these supplies will be needed.

APPENDIX B

List of Reference Numbers on Requisitions Already Submitted Through
Military Channels for Items and Quantities Considered to Fall
Within the Military Category of Civilian Supplies

Commodity or Industry

Reference Number
MGS or ACCLAC Airmag
Number

138

Tires (3)	No.	22,108	44,216
Tubes (3)	No.	23,390	46,780
Batteries	No.	1,376	2,752
Patching Kits	No. of Kits	6,566	13,132
Additional PCL for new trucks (for six months)	Bbls	40,800	120,000

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Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Power Equipment and Parts	MGS- 63-ENG	16
	" - 83-ENG	33
	" - 83-ENG	49
	" - 88-ENG	
	" - 104-ENG	
	" - 151-ENG	
	" - 177-ENG	
	" - 191-ENG	
	ACC-ENG-9-45	
	" - ENG-11-45	
	MGS-217-SIG	
	ACC-ENG-27-45	

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Cont'd: Appendix B.

Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Medical and Sanitation	MGS-221-MED	73
Clothing; Shoes and Textiles	MGS-132-QM " - 88-QM " - 141-QM " - 92-QM " - 122-QM " - 181-QM	7 & 32 185
Agricultural Supplies	MGS- 95-QM " - 96-QM " - 101-QM " - 127-ENG " - 130-QM " - 135-QM " - 142-QM " - 159-QM " - 160-QM " - 193-ENG " - 212-QM " - 213-QM " - 214-QM	3 340 50 68 69 704
Supplies for Forestry	MGS-128-ENG " -ENG-26-45	4
Mining Supplies, Coal	MGS- 51-ENG " - 52-ENG " - 69-ENG " - 70-ENG " - 81-ENG " - 133-ENG " - 145-ENG " - 155-ENG " - 182-ENG	8 15 20 37
Sulphur	MGS - 73-ENG " - 74-ENG " - 75-ENG " - 80-ORD " - 131-ENG " - 168-ORD " - 174-ORD " - 197-ENG " - 128-SVC	6 55

Agricultural Supplies

MCS- 95-QM	3
" - 96-QM	
" - 101-QM	
" - 127-ENG	
" - 130-QM	340
" - 135-QM	
" - 142-QM	
" - 159-QM	50
" - 160-QM	68
" - 193-ENG	69
" - 212-QM	704
" - 213-QM	
" - 214-QM	

Supplies for Forestry

MCS-128-ENG	4
" -ENG-26-45	

Mining Supplies, Coal

MCS- 51-ENG	8
" - 52-ENG	15
" - 69-ENG	20
" - 70-ENG	37
" - 81-ENG	
" - 113-ENG	
" - 142-ENG	
" - 152-ENG	
" - 182-ENG	

Sulphur

MCS - 73-ENG	6
" - 74-ENG	
" - 75-ENG	
" - 80-ORD	
" - 131-ENG	
" - 168-ORD	
" - 174-ORD	55
" - 197-ENG	
" - 148-SIG	52
" - 195-ENG	54
" - 196-SIG	

Essential Industrial Production Supplies:

MCS- 57-QM
12-MISC-GEN-44
ACC-ENG-31-45

Chemical Industry

Hemp Industry

MCS- 37-QM

Cont'd: Appendix B.

Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Textile Industry	MGS-164-QM " -183-QM " -202-QM " -203-QM	25 38 39 60
Cigarette Industry	MGS-105-ENG	62
Printing Industry	MGS-46-QM " -126-QM " -139-QM " -148-QM " -167-QM	330 29
Match Production	MGS-137-QM	
Soap Production	MGS-89-QM " -166-QM " -192-QM	554 614
<u>Paper:</u> Newsprint	MGS-139-QM " -126-QM " -148-QM " -167-QM	330
Ration Card Paper	MGS-129-QM	5
Paper for Banking	MGS-118-QM " -163-QM " -123-QM	34 24 2 & 31
Paper for School Books	MGS-124-QM " -209-QM	1 66
Export Trade (lemon wrapping paper, etc.)		
Miscellaneous Supplies:	MGS-172-QM " -158-QM " -165-QM " -219-QM	383 26 71
Flour Mills	ACC-ENG-33-45	
Candles	MGS-208-QM	65

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Printing Industry	MGS- 46-QM	330	
	" -126-QM		
	" -130-QM		
	" -148-QM		
	" -167-QM	29	
Match Production	MGS-137-QM		
Soap Production	MGS- 89-QM	554	
	" -166-QM	614	
	" -192-QM		
<u>Paper:</u>			
Newsprint	MGS-139-QM	330	
	" -128-QM		
	" -145-QM		
	" -167-QM		
Ration Card Paper	MGS-129-QM	5	
Paper for Banking	MGS-126-QM	34	
	" -171-QM	24	
	" -123-QM	2 & 31	
Paper for School Books	MGS-124-QM	1	
	" -209-QM	66	
Export Trade (Lemon wrapping paper, etc.)			187
	MGS-172-QM	383	
	" -158-QM	26	
	" -165-QM	71	
	" -219-QM		
<u>Miscellaneous Supplies:</u>			
Flour Mills	ACC-EMG-33-45		
Candles	MGS-208-QM	65	
Paper Bags	MGS-121-QM	209	
	" -179-QM	12	
	" -158-QM		

* An MGS number indicates that the requisition has been forwarded to Washington by AFHQ after screening. An ACC number indicates that AFHQ has either not yet completed its screening or has disapproved the requisition.

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Appendix C

TABLE 1. MAINLAND OF ITALY (1)
Estimated Import Subsistence Requirements
1 January to 30 June 1945
(Metric Tons - Wet)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-North	87,000	150,000	159,000	159,000	159,000	159,000	882,000
Wheat-South	-	-	-	1,000	125,000	125,000	251,000
Total	87,000	150,000	159,000	160,000	284,000	284,000	1,133,000
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	43,560
Milk, dry, skm	475	475	475	475	475	475	2,850
Milk, ecc. South	3,520	3,520	3,520	3,520	3,520	3,520	21,120
Total	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegetables-Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegetables-Dried-South	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,530	1,530	1,530	1,530	1,530	1,530	9,180
Total	3,360	3,360	3,360	3,360	3,360	3,360	20,160
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	125,135	198,105	198,135	198,165	323,165	323,165	1,368,110

(1) See Notes for basis of estimates

TABLE 2. SICILY AND SARDINIA (1)
Estimated Import Subsistence Requirements
1 January to 30 June 1945
(Metric Tons - Wet)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-Sicily	-	5,000	29,000	29,000	29,000	29,000	121,000
Wheat-Sardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	13,000	37,000	37,000	37,000	37,000	169,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
Sugar-Sardinia	300	300	300	300	300	300	1,800

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Wheat-North	87,000	150,000	159,000	159,000	159,000	159,000	159,000	159,000	882,000
Wheat-South					1,000	122,000	122,000	122,000	251,000
Total	87,000	150,000	159,000	159,000	160,000	281,000	281,000	281,000	1,133,000
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	14,300
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	41,660
Milk, dry, skim		475	475	475	475	475	475	475	2,850
Milk, ecc. South	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	21,120
Total	3,995	3,995	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegs. Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegs. Dried-South	7,710	7,710	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,730	1,730	1,730	1,730	1,730	1,730	1,730	1,730	9,180
Total	3,560	3,560	3,560	3,560	3,560	3,560	3,560	3,560	20,160
Pats - North	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,185	198,105	198,105	198,105	198,105	198,105	198,105	198,105	1,368,110

(1) See Notes for basis of estimates

TABLE 2. SICILY and GARDINIA (1)
Estimated Import Subsistence Requirements
1 January to 30 June 1942
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-Sicily	-	5,000	29,000	29,000	29,000	29,000	121,000
Wheat-Gardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	13,000	37,000	37,000	37,000	37,000	169,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
Sugar-Gardinia	300	300	300	300	300	300	1,800
Total	1,350	1,350	1,350	1,350	1,350	1,350	8,100
Vegs. Dried	325	325	325	325	325	325	1,950
Gardinia	9,675	14,675	14,675	14,675	14,675	14,675	87,500
Total	10,000	15,000	15,000	15,000	15,000	15,000	90,000

(1) See Notes for basis of estimates

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CONT'D: APPENDIX C.

Notes on Basis for Estimated Import Substitution
Requirements for Italian Mainland, Sicily and Sardinia
1 January to 30 June 1945

WHEAT based on normal daily ration of 300 grams of bread (or the equivalent of 240 grams of flour) plus 120g for supplemental rations, with extraction rate for flour at 90% of wheat. Population to be fed calculated at 75% for South of Pisa-Rimini line and at 60% for North thereof based on our experience in South and Italian experience in North and South. Of estimated harvest of 2,036,000 metric tons, it is assumed that 1,412,000 will be consumed during 1944 leaving 624,000 metric tons to reduce indicated imports during 1945. (See "Wheat Requirements for Italy" dated 7 August 1944 and amendment thereto dated 6 September 1944.)

SUGAR based on monthly ration of 250 grams for 100% of population and assuming that mainland North of Pisa-Rimini line will be able to supply 50% of its own requirements. No sugar plants South of P-R line are presently operable.

MILK Dry - Skim - based on daily requirements of 500 grams of fluid milk for children under the years of age and 250 grams for children 2 to 12 years of age, excluding children of milk producers. Fluid supply for non-producers estimated at 40% of 1942 supply as result of experience in liberated areas not unduly affected by enemy action. One part dry skim milk plus one part fluid milk plus eight parts water treated as substitute for 10 parts fluid milk although caloric value is substantially less.

VEGETABLES DRIED Mainland and North of P-R line is based on feeding 80% of population 28 grams per day. Mainland South of P-R line is based on feeding 50% of population 28 grams per day. Sicily based on LAC 18 of 3 May 1944.

MEAT based on feeding 10% of population 28 grams per day and is for use primarily in large urban areas.

EGGS based on feeding at least 50% of population north of P-R line 7 grams per day.

GENERAL REQUIREMENTS for mainland North of P-R line are subject to curtailment of conditions justify after enemy withdrawal.

21 Sep 44.

APPENDIX "D"

CATEGORY A: REQUISITION WITHIN THE LIMITS OF THE MILITARY REQUIREMENTS FOR ALL (For Spring Use in 1945)

Provincia	Ammonium Nitrate	Sulfate of Pot.	Copper Sulfate	Copper Chloride	Zinc Phos.	Lead lbs.	Sod. Ars.	Cryolite lbs.	Tractors	Plows	Trucks
Piemonte	16,500	7,500	4,400	1,125	-	45	1	6	110	50	50
Liguria	775	200	740	420	-	16	3	2	-	-	-
Lombardia	20,560	5,550	2,430	365	-	34	1	5	270	120	10
Venezia Tridentina	800	650	860	210	-	122	1	13	18	5	-
Verona	11,245	3,450	9,800	320	-	65	2	9	190	45	3
Venezia Giulia e Zara	610	300	500	115	-	9	-	1	10	5	1
Emilia	10,100	1,600	8,420	655	0.5	99	10	14	320	150	4
Toscana	1,495	250	4,070	395	-	61	5	12	)	)	)
Marche	3,745	150	960	435	1.5	14	2	2	)	)	)
Umbria	1,760	150	750	115	-	17	2	2	)	)	)
Lazio	3,500	150	2,000	575	1.0	21	6	3	)	)	)
Abruzzi	2,470	50	1,030	140	-	17	-	2	(2)	(2)	
Molise	210	-	-	-	-	-	-	-	)	)	)
Campania	7,145	350	2,670	335	1.0	106	4	15	750	500	1,00
Puglia	3,800	550	2,250	765	-	25	4	4	)	)	)
Basilicata	500	-	120	70	-	1	-	-	)	)	)
Calabria	1,520	50	280	125	-	8	-	1	)	)	)
Sicilia	5,420	750	1,600	520	-	16	2	3	)	)	)
Sardegna	350	-	130	325	-	2	1	1	)	)	)
TOTAL	104,310	22,060	36,990	7,000	4.0	700	50	100	1,100	960	1,200

(1) Final statements of requirements with necessary detail of specifications and justification have been prepared and submitted through proper channels for requisition purposes.

(2) Total for Regions I to VII, inclusive.

PL
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APPENDIX VII

(1)

Estimated Required Fertilizers, Pesticides and Machinery Requirements for All Italy
(For Spring Use in 1945)

Ammonium Nitrate	Ammonia or Pot.	Copper Sulphate	Copper Chloride	Sulphur	Zinc Phos.	Lead	Sol. Ars.	Cryo- Nitro	Tractors	Plows	Binders	Rollers	Com- bins	Trailers
16,500	7,500	4,400	1,135	-	45	1	6	110	50	50	40	-	-	-
775	200	740	420	-	16	3	2	-	-	-	-	-	-	-
20,565	5,550	2,430	365	-	34	1	5	270	120	135	50	Estimated basic	-	-
500	550	360	210	-	122	1	1	10	5	-	-	minimum initi	-	-
11,245	3,450	2,400	320	-	65	2	9	190	130	50	50	needs	-	-
680	300	900	115	-	9	-	1	10	5	10	-	-	-	-
16,130	1,600	3,420	600	0.5	99	13	14	320	150	45	100	-	-	-
7,405	250	2,070	35	-	61	5	12	-	-	-	-	-	-	-
3,715	150	960	43	1.5	14	2	2	-	-	-	-	-	-	-
1,760	150	750	115	-	17	-	2	-	-	-	-	-	-	-
3,300	150	2,000	575	1.0	24	6	3	-	-	-	-	-	-	-
2,470	50	1,030	445	-	17	-	2	-	-	-	-	-	-	-
245	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,445	350	2,670	525	1.0	100	4	15	750	500	1,000	50	100	50	50
3,800	250	2,250	785	-	25	4	4	-	-	-	-	-	-	-
305	-	130	70	-	1	-	-	-	-	-	-	-	-	-
1,520	50	280	125	-	6	-	4	-	-	-	-	-	-	-
3,725	750	460	520	-	16	2	3	-	-	-	-	-	-	-
550	-	130	325	-	2	1	1	-	-	-	-	-	-	-
104,310	24,000	36,000	7,000	1.0	700	50	100	1,360	960	1,240	290	100	50	50

1) This statement of requirements with necessary detail of specifications and justifications have been prepared and submitted through proper channels for requisition purposes.

2) Total for regions I to VII, inclusive.

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APPENDIX II

HEADQUARTERS

ALLIED CONTROL COMMISSION

Public Works and Utilities Sub-Commission

APC 394

AGC/106/PWT

5 Aug. 1944

SUBJECT: Estimate of the needs expenditures for damage reconstruction.

TO : Vice President, Economic Section.

1. Attached hereto is an estimate of the damage reconstruction program to cover the first year after the war.

2. The attached estimate is based on known damage such as the piecemeal line in Italy, Sicily and Sardinia. The estimate for possible work to be done north of that line is predicated upon the theory that only a portion of that zone would be damaged to a similar extent as Central Italy, whereas, severely striking, the balance would have a relatively limited amount of damage.

3. The whole estimate has been prepared in lire using present construction costs as a basis. These lire were then converted into dollars at the rate of 100 lire per dollar. Should the post-war rate of the lire be different a proportionate adjustment would have to be made in the dollar estimates presented herewith.

4. In discussion with officials of the Ministry of Public Works, who have been time to time been furnishing us with some of the basic data, we are given to understand that Italy plans to undertake an active program of reconstruction covering a period of seven years. In that program it is naturally conceded that electrical plants must be largely rehabilitated during the first and second years with the elements probably made during the first year. The first, secondary which must be improved for these plants, and for other commitments will have to be made during the first year, are included in the first year program. Likewise, secondary to rehabilitate certain portions of the ports of Italy, essential for the rehabilitation of Italian national commerce, are also included in the first year's commitment program. Similarly, highway reconstruction equipment which must be brought over as an early rate to enable Italy to rebuild its highways so that highway commerce may be given a relatively free flow, has also been included in the first year's program.

5. We have not only made an estimate of the cost of anticipated imports but we have also made a rough estimate of the possible cost to Italy in the way of local labor and materials in connection with the reconstruction program so as to obtain an overall picture of the total cost to Italy for this work.

6. It should be brought out at this time that these estimates are based upon approximations and upon available data which in several respects is not complete, and for that reason these figures

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TO : Vice President, American Road & Builders Builders Association

1. Attached hereto is a copy of the report of the American Road & Builders Builders Association for the year 1964.

2. The attached report is based on a study of the American Road & Builders Builders Association for the year 1964. The study is based on the data available to the American Road & Builders Builders Association for the year 1964.

3. The study shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

4. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

5. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

6. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

7. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

8. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

9. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

10. The study also shows that the American Road & Builders Builders Association has a relatively limited amount of funds available for the year 1964.

W. A. JERRY
Lt. Colonel, G.S.
Director.

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Cont'd: Appendix E.

HEADQUARTERS
 : UNITED CONTROL COMMISSION
 Public Works and Utilities Sub-Commission
 AEO 394

A. APPROXIMATE ESTIMATE OF THE EXPENDITURE FOR THE REPAIR OF WAR
 DAMAGES THROUGHOUT ITALY RELATIVE TO THE WORKS LISTED BELOW

	S. of P-R Line		N. of P-R Line		Total (Million \$/s)	
	Local Cost	Imports	Local Cost	Imports	Local Cost	Imports
State Highways	6.45	2.20	4.85	1.50	11.30	3.70 (a)
State Hy Bridges	27.68	-	67.14	5.00	95.00	5.00 (a)
Other Highways	6.60	2.40	10.20	3.60	17.00	6.00 (c)
Other Hy Bridges	36.00	-	84.00	-	120.00	-
Buildings-Private	480.00	59.00	615.00	68.00	1095.00	121.00 (d)
Buildings-Public	65.70	7.30	85.95	9.55	151.55	16.85 (a)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (d)
Ports, incl. sailing vessels	31.50	3.50	13.50	1.50	45.00	5.00 (e)
Reclaimed Lands (Bonifiche)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40
Aqueducts, Sewers & Sanatories	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	38.00	153.00	76.00	302.00	114.00	455.00
Electrical-Switching Stns.	15.50	60.00	30.50	120.00	46.00	180.00
Electrical-Transmission	12.00	48.00	24.00	96.00	36.00	144.00
Total	729.51	331.70	1031.34	611.45	1760.85	943.15
Gross Total -	1651.21	1642.79			2704.00	

	L. of P-R Line		N. of P-R Line		Total (Million \$)	
	Local Cost	Imports	Local Cost	Imports	Local Cost	Imports
State Highways	6.45	2.20	4.35	1.50	11.30	3.70 (a)
State Ry Bridges	27.86	-	47.14	5.00	95.00	3.00 (b)
Other Highways	6.80	2.40	10.20	3.60	17.00	5.00 (c)
Other Ry Bridges	36.00	-	84.00	-	120.00	-
Buildings-Private	480.00	53.00	615.00	68.00	1095.80	121.00 (a)
Buildings-Public	85.70	7.30	85.95	9.35	191.35	16.85 (d)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (d)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00 (e)
Reclaimed Lands (Bonifacio)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40
Aqueducts, Sewers & Sanitariums	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	35.00	153.00	76.00	352.00	114.00	455.00
Electrical-Switching Stas.	15.50	60.00	30.50	120.00	46.00	180.00
Electrical-Transmission	12.00	48.00	24.00	96.00	36.00	144.00
Total	739.51	331.70	1031.34	611.45	1760.55	943.15
Grand Total -	1051.21	1642.79	2704.00			

- (a) 100 MILLIONS for Machinery and 270 MILLIONS for Bitumen at \$30.00 a ton.
- (b) Imported Steel Shapes 50,000 tons at \$100.00 a ton.
- (c) 100 MILLIONS for Machinery and 550 MILLIONS for Bitumen at \$30.00 a ton.
- (d) Estimated 10% of Total Cost for Steel and Timber.
- (e) Port Machinery.

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APPENDIX "F"
INDUSTRIAL OUTLINE OF A MINERAL
ADMINISTRATION PROGRAM FOR INDIAN
(See Notes below)

(See Notes Below)									
MINERAL POWER									
Required									
1000 KW									
No.	ITEM	Quantity Tons	Area		1,000 Tons		Costs		Area N. 1
			N. 1	N. 2	Area 1	Area 2	Area N. 1	Area N. 2	
1	MINING								
	Sulphur	1	9	9	0.3	0.3	\$ 6,000	\$ 6,000	\$ 150.0
	Lead	2	10	10	10	10	200,000	200,000	225.0
	Zinc	2	14	14	2	2	40,000	40,000	225.0
	Iron	2	1	2	-	-	-	-	50.0
	Coal	1	15	30	0.4	0.3	8,000	16,000	600.0
2.	WATER	1	5	10	1	2	20,000	40,000	6,000.0
3	WATER	2	10	20	15	30	300,000	600,000	9,000.0
4	WATER	1	40	200	90	600	1,800,000	12,600,000	520.0
5	WATER	1	17	85	120	600	2,400,000	12,000,000	2,000.0
6	WATER, MINERALIZED, CARBONATED	2	3	18	15	90	300,000	1,800,000	220.0
7	WATER	4	23	115	4	20	80,000	400,000	1,500.0
8	FERTILIZERS	1	115	305	20	60	400,000	1,200,000	5,500.0
9	WATER AND MINERAL	1	1	3	-	-	-	-	50.00
10	WATER	1	0.7	2.1	-	-	-	-	25.00
11	WATER	2	0.5	1	3.5	7	70,000	1,400,000	500.00
12	WATER	1	0.05	0.1	2	4	40,000	80,000	3,500.00
13	Carbon Disulphide	1	4	20	0.5	4.5	10,000	90,000	50.00
	Caustic Soda	1	5	45	0.5	2.5	10,000	50,000	2,500.00
	Sod. Carbonate	1	-	-	-	-	-	-	-
	Sod. Nitrate	1	0.9	4.5	0.5	2.5	10,000	50,000	300.00
	Sulphate	1	1.5	7.5	-	-	-	-	100.00
	Copper Sulphate	1	0.5	1.5	0.25	1.25	5,000	25,000	1,000.00
	WATER, CHLORIDE	2	2	25	5	25	100,000	500,000	500.00
14	WATER, CHLORIDE	2	2	25	2.5	12.5	12,500	250,000	200.00
	WATER, CHLORIDE	252	1173	273	1504	7504	\$5,032,000	\$50,037,000	\$59,515.00
	WATER, CHLORIDE	252	1173	273	1504	7504	\$5,032,000	\$50,037,000	\$59,515.00

301

APPENDIX 'F'
INDUSTRIAL OUTLINE OF A LIMITED
REHABILITATION PROGRAM FOR ITALY
(See Notes below)

Priority Number	Required 1970 A.W.		IMPENDING COMM. REVENUES		ALL OTHER REVENUES			
	Area 1	Area 2	1,000 Tons		Costs		Area N.1	Area N.2
			Area 1	Area 2	Area N. 1	Area N. 2		
1	9	9	0.3	0.3	\$ 6,000	\$ 6,000	\$ 450,000	\$ 450,000
2	10	10	10	10	200,000	200,000	225,000	225,000
2	14	14	2	2	40,000	40,000	225,000	225,000
2	1	2	-	-	-	-	50,000	100,000
1	15	30	0.4	0.3	3,000	16,000	600,000	1,300,000
1	5	10	1	2	20,000	40,000	6,000,000	12,000,000
2	10	20	15	30	300,000	600,000	9,000,000	18,000,000
1	40	250	30	60	1,200,000	12,600,000	520,000	3,640,000
1	17	85	120	600	2,400,000	12,000,000	2,000,000	10,000,000
2	3	18	15	90	300,000	1,800,000	220,000	1,320,000
4	23	115	4	20	80,000	400,000	1,500,000	7,500,000
1	115	305	20	60	400,000	1,200,000	5,500,000	16,500,000
1	1	3	-	-	-	-	50,000	150,000
1	0.7	2.4	-	-	-	-	25,000	75,000
2	0.5	1	3.5	7	70,000	1,400,000	500,000	3,000,000
1	0.05	0.1	2	4	40,000	80,000	3,500,000	7,000,000
1	4	20	0.9	4.5	18,000	90,000	50,000	250,000
1	9	45	0.5	2.5	10,000	50,000	2,500,000	12,500,000
1	-	-	-	-	-	-	-	-
1	0.7	4.5	0.5	2.5	10,000	50,000	300,000	1,500,000
1	1.5	7.5	-	-	-	-	100,000	500,000
1	0.3	1.5	0.15	0.75	5,000	25,000	1,000,000	5,000,000
2	5	25	5	25	100,000	500,000	500,000	2,500,000
2	5	25	2.5	12.5	50,000	250,000	200,000	1,000,000
252	175	875	253	1265	55,032,000	330,027,000	330,515,000	102,635,000
252	175	875	253	1265	55,032,000	330,027,000	330,515,000	102,635,000

33

1044

- | | | | | | | | |
|---|---|----------------|---|----|-------------|--------|---------|
| 41) Area | = | South of Terni | = | \$ | 46,147,000 | - | 34,700€ |
| 42) Area | = | All of Italy | = | \$ | 132,722,000 | (Total | |
| 43) these figures reflect our best estimate | | | | | | | |
| 44) these figures and calculations of conditions as found South of Terni. | | | | | | | |
| 45) and calculations represent quantities over a 6 months period. | | | | | | | |

Circumstance	All respondents (%)	Police officers (%)	Non-police officers (%)
Self-defense	~85	~90	~80
To protect others	~75	~80	~70
To stop a crime	~65	~70	~60
To punish someone	~45	~50	~40
To show authority	~35	~40	~30

#1	-	Explosives, caplids, accessories
"	-	Equipment & Misc. M.R.O. Mining supplies
" #2	-	Caulitic Soda & Oil, M.R.O. & Equipment
" #3	-	Cellulose, Saw Machine, Misc. M.R.O. supplies
" #4	-	Engs & Misc. M.R.O. & Equipment
" #5	-	New Equipment & Motors Transformers, etc. & Misc.
"	-	M.R.O. supplies
" #6	-	New Equipment & Motors Transformers, etc. & Misc.
"	-	M.R.O. supplies
" #7	-	New Cotton, Reconstruction Machinery & Misc. M.R.O.
"	-	Supplies
" #8	-	Reconstruction Equipment, M.R.O. supplies, phosphate rock & other chemicals
"	-	Machinery & M.R.O. supplies
" #9	-	M.R.O. supplies - New machines
" #10	-	New Equipment & M.R.O. supplies
" #11	-	New Equipment & M.R.O. supplies
" #12	-	New Equipment & M.R.O. supplies
" #13	-	Plans Reconstruction & M.R.O. supplies
" #14	-	Spirit copper & M.R.O. supplies.

CONTRIBUTION REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL
PRODUCTION, FISHERIES AND FORESTRY
BY ALL OF ITALY UP TO JUNE 30, 1945

Description	Unit Value		Total Value	
	North	Italy	North	Italy
AGRICULTURE				
Particulates, Insecticides, etc.	30	\$ 750,000	\$ 750,000	\$1,500,000
50,000 lbs Superphosphate	200		10,000	10,000
50 " Copper Carbonate	150		3,000	3,000
20 " Zinc Phosphate				
200 " Spray Oil (138)	100	15,000	5,000	20,000
Ammonium Emulsion, Vorch type		755,000	755,000	\$2,535,000

Agricultural Machinery,
 Tractors, Trucks, Buses, etc.,
 1,160 Tractors, 15 ton (or) which
 1,110 steel wheels and 50 "cast"

- " #2 - Caustic Soda & Other M.R.O. & Supplies
- " #3 - Cellulose, new machines, M.R.O. supplies
- " #4 - Misc. M.R.O. & Equipment
- " #5 - New equipment as Motor Transformer, etc. & Misc.
- " #6 - M.R.O. supplies
- " #7 - New equipment as Motors Transformers, etc. & Misc.
- " #8 - M.R.O. supplies
- " #9 - New Cotton, Reconstruction Machinery & Misc. M.R.O. supplies
- " #10 - Reconstruction Equipment, M.R.O. supplies, phosphate rock & other chemicals
- " #11 - Machinery & M.R.O. supplies
- " #12 - M.R.O. supplies - new machines
- " #13 - New Equipment & M.R.O. supplies
- " #14 - New Equipment & M.R.O. supplies
- " #15 - Plans, Reconstruction & M.R.O. supplies
- " #16 - Scrap copper & M.R.O. supplies

Appendix C

MINIMUM REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL PRODUCTION, FISHERIES AND FORESTRY IN ALL OF ITALY UP TO JUNE 30, 1945

These requirements are over and above those already requisitioned and to be included in Category A (see Appendix D).

	US Unit	South Valley	South P-N Lane	Total Value	
				North Italy	All Italy
50,000 tons Superphosphate	30	\$	750,000	\$	750,000
50 " Copper Carbonate	200				10,000
20 " Zinc Phosphate	150				3,000
200 " Sirey Oil (50% Ammonium Emulsion, Vack type)	100		15,000	\$	5,000
			\$	768,000	\$1,533,000

Agricultural Machinery:

- 1,100 tractors, 12 hp (of which 1,110 steel wheels and 50 rubber wheels)
- 100 Combines
- 200 Balers (Self Gravity, etc.)
- 1,240 Plows
- 900 Plows
- 50 Trailers (rubber wheels)

\$	360,000	\$	800,000	\$	31,160,000
			100,000		100,000
	27,000		60,000		87,000
			270,000		270,000
	44,000		100,000		144,000
	<u>3,750</u>		<u>3,750</u>		<u>7,500</u>
	434,750		1,342,750		1,777,500

$$\begin{pmatrix} 0 \\ 2 \\ 5 \\ 7 \\ 11 \\ 13 \end{pmatrix} \quad \begin{pmatrix} 1 \\ 3 \\ 4 \\ 6 \\ 10 \\ 12 \end{pmatrix}$$

200 Trucks, Inc. 1000 4th Avenue
 00517 Whittier, CA 90601

THE NEW YORK PUBLIC LIBRARY

DATE OF DEPOSITION: 2005

$$\frac{1}{\Gamma(\alpha)} \int_0^t (t-\tau)^{\alpha-1} f(\tau) d\tau \quad (0 \leq t \leq 1) \quad \text{or} \quad \frac{1}{\Gamma(\alpha)} \int_0^t (t-\tau)^{\alpha-1} f(\tau) d\tau \quad (0 \leq t \leq 1)$$

(C) $\frac{1}{2}$
 (D) $\frac{1}{3}$
 (E) $\frac{1}{4}$
 (F) $\frac{1}{5}$
 (G) $\frac{1}{6}$
 (H) $\frac{1}{7}$
 (I) $\frac{1}{8}$
 (J) $\frac{1}{9}$
 (K) $\frac{1}{10}$
 (L) $\frac{1}{11}$
 (M) $\frac{1}{12}$
 (N) $\frac{1}{13}$
 (O) $\frac{1}{14}$
 (P) $\frac{1}{15}$
 (Q) $\frac{1}{16}$
 (R) $\frac{1}{17}$
 (S) $\frac{1}{18}$
 (T) $\frac{1}{19}$
 (U) $\frac{1}{20}$
 (V) $\frac{1}{21}$
 (W) $\frac{1}{22}$
 (X) $\frac{1}{23}$
 (Y) $\frac{1}{24}$
 (Z) $\frac{1}{25}$

$$\begin{array}{c} \frac{1}{2} \\ \frac{1}{3} \\ \frac{1}{4} \\ \frac{1}{5} \\ \frac{1}{6} \\ \frac{1}{7} \\ \frac{1}{8} \\ \frac{1}{9} \\ \frac{1}{10} \\ \frac{1}{11} \\ \frac{1}{12} \\ \frac{1}{13} \\ \frac{1}{14} \\ \frac{1}{15} \\ \frac{1}{16} \\ \frac{1}{17} \\ \frac{1}{18} \\ \frac{1}{19} \\ \frac{1}{20} \\ \frac{1}{21} \\ \frac{1}{22} \\ \frac{1}{23} \\ \frac{1}{24} \\ \frac{1}{25} \\ \frac{1}{26} \\ \frac{1}{27} \\ \frac{1}{28} \\ \frac{1}{29} \\ \frac{1}{30} \\ \frac{1}{31} \\ \frac{1}{32} \\ \frac{1}{33} \\ \frac{1}{34} \\ \frac{1}{35} \\ \frac{1}{36} \\ \frac{1}{37} \\ \frac{1}{38} \\ \frac{1}{39} \\ \frac{1}{40} \\ \frac{1}{41} \\ \frac{1}{42} \\ \frac{1}{43} \\ \frac{1}{44} \\ \frac{1}{45} \\ \frac{1}{46} \\ \frac{1}{47} \\ \frac{1}{48} \\ \frac{1}{49} \\ \frac{1}{50} \\ \frac{1}{51} \\ \frac{1}{52} \\ \frac{1}{53} \\ \frac{1}{54} \\ \frac{1}{55} \\ \frac{1}{56} \\ \frac{1}{57} \\ \frac{1}{58} \\ \frac{1}{59} \\ \frac{1}{60} \\ \frac{1}{61} \\ \frac{1}{62} \\ \frac{1}{63} \\ \frac{1}{64} \\ \frac{1}{65} \\ \frac{1}{66} \\ \frac{1}{67} \\ \frac{1}{68} \\ \frac{1}{69} \\ \frac{1}{70} \\ \frac{1}{71} \\ \frac{1}{72} \\ \frac{1}{73} \\ \frac{1}{74} \\ \frac{1}{75} \\ \frac{1}{76} \\ \frac{1}{77} \\ \frac{1}{78} \\ \frac{1}{79} \\ \frac{1}{80} \\ \frac{1}{81} \\ \frac{1}{82} \\ \frac{1}{83} \\ \frac{1}{84} \\ \frac{1}{85} \\ \frac{1}{86} \\ \frac{1}{87} \\ \frac{1}{88} \\ \frac{1}{89} \\ \frac{1}{90} \\ \frac{1}{91} \\ \frac{1}{92} \\ \frac{1}{93} \\ \frac{1}{94} \\ \frac{1}{95} \\ \frac{1}{96} \\ \frac{1}{97} \\ \frac{1}{98} \\ \frac{1}{99} \\ \frac{1}{100} \end{array}$$

1977

[illegible]

total - agriculture

ALBERT EINSTEIN

10101

1000

Treated Control

Publication Date: 05/14/2014

75 Marine Movers, 245-51

Abstract

Education 8654, 100

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Research in Progress

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 3. **DESIGN** – 100 marks
 4. **PROJECT** – 100 marks
 5. **SEMINAR** – 100 marks
 6. **REPORT** – 100 marks
 7. **LABORATORY** – 100 marks
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Figure 1 shows the results of the regression analysis. The results indicate that the regression model is significant at the 0.05 level (F = 10.14, p < 0.05). The adjusted R-squared value is 0.85, indicating that the model explains 85% of the variance in the dependent variable. The regression equation is:

$$Y = 0.0001X_1 + 0.0002X_2 + 0.0003X_3 + 0.0004X_4 + 0.0005X_5 + 0.0006X_6 + 0.0007X_7 + 0.0008X_8 + 0.0009X_9 + 0.0010X_{10} + 0.0011X_{11} + 0.0012X_{12} + 0.0013X_{13} + 0.0014X_{14} + 0.0015X_{15} + 0.0016X_{16} + 0.0017X_{17} + 0.0018X_{18} + 0.0019X_{19} + 0.0020X_{20} + 0.0021X_{21} + 0.0022X_{22} + 0.0023X_{23} + 0.0024X_{24} + 0.0025X_{25} + 0.0026X_{26} + 0.0027X_{27} + 0.0028X_{28} + 0.0029X_{29} + 0.0030X_{30} + 0.0031X_{31} + 0.0032X_{32} + 0.0033X_{33} + 0.0034X_{34} + 0.0035X_{35} + 0.0036X_{36} + 0.0037X_{37} + 0.0038X_{38} + 0.0039X_{39} + 0.0040X_{40} + 0.0041X_{41} + 0.0042X_{42} + 0.0043X_{43} + 0.0044X_{44} + 0.0045X_{45} + 0.0046X_{46} + 0.0047X_{47} + 0.0048X_{48} + 0.0049X_{49} + 0.0050X_{50} + 0.0051X_{51} + 0.0052X_{52} + 0.0053X_{53} + 0.0054X_{54} + 0.0055X_{55} + 0.0056X_{56} + 0.0057X_{57} + 0.0058X_{58} + 0.0059X_{59} + 0.0060X_{60} + 0.0061X_{61} + 0.0062X_{62} + 0.0063X_{63} + 0.0064X_{64} + 0.0065X_{65} + 0.0066X_{66} + 0.0067X_{67} + 0.0068X_{68} + 0.0069X_{69} + 0.0070X_{70} + 0.0071X_{71} + 0.0072X_{72} + 0.0073X_{73} + 0.0074X_{74} + 0.0075X_{75} + 0.0076X_{76} + 0.0077X_{77} + 0.0078X_{78} + 0.0079X_{79} + 0.0080X_{80} + 0.0081X_{81} + 0.0082X_{82} + 0.0083X_{83} + 0.0084X_{84} + 0.0085X_{85} + 0.0086X_{86} + 0.0087X_{87} + 0.0088X_{88} + 0.0089X_{89} + 0.0090X_{90} + 0.0091X_{91} + 0.0092X_{92} + 0.0093X_{93} + 0.0094X_{94} + 0.0095X_{95} + 0.0096X_{96} + 0.0097X_{97} + 0.0098X_{98} + 0.0099X_{99} + 0.0100X_{100}$$

Machine to Produce the Notes

On 1998-09-01, the model, titled

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Preshers
Total - Agriculture
7,500 7,500 150,000
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35,000 35,000
2,170,522 2,170,522
31,615,725 31,615,725

FISHING INDUSTRY

Motors

50 Marine Motors, Diesel
Internal Combustion
Reduction gear, 80 HP \$ 4,000 \$ 200,000
75 Marine Motors, Diesel
Internal Combustion
Reduction gear, 100 HP 4,500 168,750 337,500
25 Marine Motors, Diesel
Internal Combustion
With reduction gear
from 150 HP to 250 HP 10,000 125,000 250,000
100 Marine Motors, Diesel
Internal Combustion
Fast type, from 6 HP
to 30 HP 1,500 75,000 150,000
468,750 468,750 937,500

Machines to Manufacture Nets

40 Units to make using
various size fishing nets 125,000 250,000

Equipment

30 Units for installation on
- in fishing vessels
(to be 60 tons) for the
recovery of fish
- drying fresh fish 125,000 250,000
125,000 250,000 500,000

Canines

2,500 tons for 2 months (200)
2,500 " " " " " 100)
2,500 " " " " " 100)
Total - 100 tons 75,000 150,000
75,000 150,000 300,000

FORESTRY

Present regulations for forestry
are aimed to be sufficient until
the specific needs of forestry
Italy are known.

GRAND TOTAL - 303,100,000)
FISHING &) -
FORESTRY) 31,741,272 36,150,750

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO #334

MINUTES OF MEETING OF REPRESENTATIVES OF THE ITALIAN
GOVERNMENT AND REPRESENTATIVES OF THE ALLIED COM-
MISSION, 3 NOVEMBER 1944, 1600. RE "PROGRAM
OF ESSENTIAL ITALIAN IMPORTS".

PRESENT:

Mr. E. Cerabona, Minister of Communications
Mr. E. Gallo, Minister of Agriculture
Mr. E. Gronchi, Minister of Industry, Commerce and Labor
Mr. E. Solé, Minister of Treasury
Mr. E. Benigni, Under-Secretary of Agriculture
Mr. E. Rinaldi, Minister without Portfolio
Comm. Introna, Bank of Italy
Mr. A. G. Antolini, Acting Deputy Chief of Staff, E/S
Col. L. D. Densmore, Chief Staff Officer, E/S
Mr. Karlan Cleveland, Special Assistant to DCOB, E/S
Mr. Emilio Garavaglia, Economic Section Staff
Mr. Henry H. Bakken, Economic Section Staff
Col. R. Martino, Chief, Requisition Division, E/S
Mr. James E. Hurley, Requisition Division, E/S
Mr. Leland C. Aldbaugh, Director, Agriculture S/C, E/S
Major J. Inria, Food Sub-Commission, E/S
Col. A. P. Graffley-Smith, Joint Director, Finance S/C, E/S
Major Fred Topsy, Finance Sub-Commission, E/S
Col. S. A. Crump, Commerce Sub-Commission, E/S
Mr. Wm. S. Vaughan, Director, Industry S/C, E/S
Col. L. A. Jenny, Director, Public Works & Utilities S/C, E/S
Col. D. S. Adams, Director, Transportation S/C, E/S
Major A. H. Street, Transportation S/C, E/S
Mr. Mervitt Taylor, Chief, Priorities & Movements Div., E/S
Captain R. Grady, AFHQ, G-5

NOTE

These minutes were taken from those remarks and state-
ments at the meeting which were made in English. They
therefore reflect the Ministers' statements in Italian only
to the extent that they were translated or summarized by
the Chairman (Mr. A. G. Antolini).

ANTOLINI: I will summarize briefly what I have told the Ministers
as a preliminary to our discussion. I have notified the Ministers
that as a preliminary step to the ultimate determination of the
exact credit which will be passed on to the Italian Government we
believe it to be important at this stage for them to state what
they need, within certain definite limitation of foreign exchange.

H. E. Cerabona, Minister of Communications
 H. E. Guilo, Minister of Agriculture
 H. E. Gronchi, Minister of Industry, Commerce and Labor
 H. E. Solà, Minister of Treasury
 H. E. Bergami, Under-Secretary of Agriculture
 H. E. Rinaldi, Minister without Portfolio
 Comm. Entenza, Bank of Italy
 Mr. A. C. Antolini, Acting Deputy Chief of Staff, E/S
 Col. L. D. Densmore, Chief Staff Officer, E/S
 Mr. Marian Cleveland, Special Assistant to DDOs, E/S
 Mr. Emilio Garavaldia, Economic Section Staff
 Mr. Henry W. Bakken, Economic Section Staff
 Col. R. Martino, Chief, Requisition Division, E/S
 Mr. James E. Hurley, Requisition Division, E/S
 Mr. Leland G. Allbaugh, Director, Agriculture S/C, E/S
 Major J. Inrie, Food Sub-Commission, E/S
 Col. A. P. Graftley-Smith, Joint Director, Finance S/C, E/S
 Major Fred Tooley, Finance Sub-Commission, E/S
 Col. S. A. Crump, Commerce Sub-Commission, E/S
 Mr. Wm. S. Vaughan, Director, Industry S/C, E/S
 Col. L. A. Jerny, Director, Public Works & Utilities S/C, E/S
 Col. D. S. Adams, Director, Transportation S/C, E/S
 Major A. E. Street, Transportation S/C, E/S
 Mr. Merritt Taylor, Chief, Priorities & Movements Div., E/S
 Captain A. Grady, AFHQ, G-3

NOTE

These minutes were taken from those remarks and statements at the meeting which were made in English. They therefore reflect the Ministers' statements in Italian only to the extent that they were translated or summarized by the Chairman (Mr. A. C. Antolini).

ANTOLINI: I will summarize briefly what I have told the Ministers as a preliminary to our discussion. I have notified the Ministers that as a preliminary step to the ultimate determination of the exact credit which will be passed on to the Italian Government we believe it to be important at this stage for them to state what they need, within certain definite limitation of foreign exchange. I have indicated to them in brief the mechanism of Washington procurement and screening and given them the criteria of judgment to be used on this program and/or requisitions. With your concurrence I shall review this paper with them. Anticipating the Ministers' questions I am going to talk to them briefly now in terms of giving them basic information that will be required on our system of requisitioning and our supply positions.

(Outline of program distributed to the Ministers and to Allied Commission representatives.)

RUINI: Accepts the program and warmly applauds it on the part of the Italian Government and assures us of their closest cooperation. He restates the case of how this credit will be finally established. He poses the question which was in effect self-answered that the program should be one of determining the priority of needs for consumer goods and production goods. He implied that production goods would, of course, be of greater use to them so that they could, as soon as possible, be in a position to produce consumer goods for themselves. He fully understands that the program in scope is one of first aid and here I have translated his statement literally. I feel sure that he has understood and that our outline is clear to them. They have requested that we review the program point by point.

GRONCHI: Believes that to set a limit was important but to know the cost was fundamental. I told him I knew that getting exact costs presented difficult problems, but that we had experts to help them and I felt that we could reach an approximate figure on costs. We can get catalogs if we find we are in a vacuum.

GRONCHI: Question raised on coal: Is coal a Category "A" or a Category "B" item? As Col. Griffith-Smith and Mr. Cleveland say, we perpetuate the end use of coal for Category "A" when it is a military necessity, but when the end use of coal falls outside the scope of military program it will naturally come under Category "B".

BERGAMI: Does the Category "A" item cease to be Category "A" when the geographic area involved is no longer of military importance? Would distribution come out of Category "A" regardless of geography?

ANTOLINI: Yes. For this purpose we cannot consider that there is a geographical distinction between Category "A" and Category "B".

BERGAMI: Assuming that food is in Category "A", it may result that the amount of food now being brought in under Category "A" may not be sufficient. Hence, will they be allowed to buy food out of the total credit in Category "B"?

ANTOLINI: I would think that the program should reflect the need in the first instance but with your permission I will answer their question in this way: We are bringing in the maximum we can with the shipping available, and if we cannot get it we are positive that the Italian Government cannot get it.

GRONCHI: Is transportation of requested items assured?

ANTOLINI: We know our program but shipping is not assured.

BERGAMI: Question has again reverted to food. Carrying out their thought he said that the Italian Government might want to use a substantial portion of this money for buying wheat. That might be a necessity for the tranquility of the people. Though we might accept it as a program, perhaps even if the world supply would support their needs, obtaining might not be available in adequate amounts.

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ANTOLINI: We know our program but shipping is not assured.

BERGAMI: Question has again reverted to food. Carrying out their thought he said that the Italian Government might want to use a substantial portion of this money for buying wheat. That might be a necessity for the tranquility of the people. Though we might accept it as a program, perhaps even if the world supply would support their needs, shipping might not be available in adequate amounts. . . . The other ministers look upon this program as a "first-aid" program and feel that it should be reflected in the re-activation of agricultural and industrial production.

GIULIO: Points out also that shipping is obviously the most difficult factor to be determined. If shipping is so difficult to be determined and if it is, in effect, the determining factor by and large, and if they find that we say consider that in Category "A" items like wheat it would be difficult to supplement our present import program, how do we see that we would be able to secure shipping for Category "B" supplies? I have answered his question to the effect that the considerations applying to wheat affect only the commodities which are bulk cargoes and require a great deal of shipping - mostly wheat and coal.

SOLEPI: Restates his position which seems to have the concurrence of the other Ministers to the effect that they, the Italian Government, must consider the Category "A" goods as top priority in terms of shipping and therefore Category "B" items will be secondary in terms of need. Therefore, they feel that they must take the view of requesting only most urgently needed Category "B" items.

SOLEPI: Says that all you are talking about is production goods and consumer goods but you are not telling me that you are going to allow me to take any of this money for stabilizing the lira.

ANTOLINI: I have told the Ministers exactly what our position is on the feeding of this country. We have requested import to satisfy 300 gram ration and to date we have an unbalanced ration because we are unable to get shipping for imports. I have indicated that Category "A" items may well reflect a substantial portion of transportation and shipping. I have asked them to take a realistic viewpoint on the feeding of their country in terms of shipping problems.

RUINI: Suggests that it be added there, to put it on the positive side, that this Category "B" reflects a first-aid emergency program -- BERGAMI: "A harnessing program".

GRONCHI: Raised the question whether or not we will perhaps put the cart before the horse in asking to program certain goods without knowing their availability. He is afraid that the Italian Government position on the program - not knowing the availability of goods - would place them in an unrealistic position and indicated that if they knew something was not available they would have to use a substitute. I have told him that in all government purchases you screen programs as to end use and justification, and then you inquire as to the availability.

CLEVELAND: Should it not be explained to them that "availability" depends a great deal too on the justification of the requested items? (Antolini explained Mr. Cleveland's point to the Ministers.)

GRONCHI: Would like to treat it in some cases with an alternate plan. If we cannot supply an item requested they would like to substitute another item for the unavailable one. For instance, if they could not get the finished product, would it be possible for them to secure raw materials (and machinery, if necessary) for their own production.

VAUGHAN: Requested Mr. Antolini to tell Minister Gronchi that members of his Sub-Commission were always available for discussion of any problems the Ministry might have in this respect. (Antolini translated this message to Minister Gronchi.)

GRONCHI: Feels, on first impression, that priority in the Category "B" items should be somewhat as follows:

1. Transport
 2. Electrical equipment
 3. Agricultural equipment and supplies
- for footwear.

ANTOLINI: I have told the Ministers of this country. We have requested import to satisfy the feeding of this country. We have an unbalanced ration because we have 300 gram ration and to date we have an unbalanced ration because we are unable to get shipping for imports. I have indicated that Category "A" items may well reflect a substantial portion of transportation and shipping. I have asked them to take a realistic viewpoint on the feeding of their country in terms of shipping problems.

RUINI: Suggests that it be added there, to put it on the positive side, that this Category "A" reflects a first-aid emergency program -- BERGAMI: "A harnessing program".

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GRONCHI: Feels, on first impression, that priority in the Category "A" items should be somewhat as follows:

1. Transport
2. Electrical equipment
3. Agricultural equipment and supplies
4. Cotton, wool and hides for the clothing, for footwear, and textile industries

ANTOLINI: I have requested the Ministers to review 5.c. and 5.d. at once so that we may be given a deadline for their presentation. They have agreed to present to us in about a week an outline of programs related to 150, 200, and 250 million dollars in foreign exchange. At that time another meeting will be held with them.

(See page 4 for Distribution)

DISTRIBUTION:

Commodore Stone, Chief Commissioner
 Brigadier Lush, Chief of Staff
 Col. Butterworth, Economics & Supply Section, ARHQ, G-5
 Captain Gray, Economics & Supply Section, ARHQ, G-5
 Mr. H. Mason, Joint Vice-President, Political Section
 Mr. Nichols, Joint Vice-President, Political Section
 Col. Cripps, Vice-President, Administrative Section
 Mr. Antolini, Acting Vice-President, Economic Section
 Col. Denham, Chief of Staff, Economic Section
 Mr. Cleveland, Executive Director, Economic Section
 Mr. Alibough, Director, Agriculture Sub-Commission
 Maj. Scott, Acting Director, Commerce Sub-Commission
 Col. Graffley-Smith, Joint Director, Finance Sub-Comm.
 Lt. Comer, Lawyer, Joint Director, Finance Sub-Comm.
 Maj. Harris, Acting Director, Food Sub-Commission
 Mr. Vaughan, Director, Industry Sub-Commission
 Col. Smith, Acting Director, Labor Sub-Commission
 Col. Campbell, Director, Legal Sub-Commission
 Col. J. J. J. J., Director, Public Works & Utilities Sub-Comm.
 Col. D. S. Adams, Director, Transportation Sub-Comm.
 Mr. Taylor, Chief, Priorities & Movements Div., E/S
 Col. Martins, Chief, Requisition Division, A/S
 Mr. Harley, Requisition Division, Economic Section
 Maj. Tacey, Finance Sub-Commission
 Maj. Street, Transport with Sub-Commission
 Mr. Bakken, Economic Section Staff
 Mr. Garza, Economic Section Staff
 Col. Crump, Commerce Sub-Commission

Political Sec

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HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
AFO 594

SECRET

SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

October 1944

SECRET

423

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SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

In the following pages are summarized the current views of the Economic Section, Allied Control Commission, with respect to Italy's most essential needs for imported supplies, roughly during the first half of 1945.

The supplies to be imported have been broken down into two categories:

Category "A": These items and quantities which are considered to fall within the military mission of "preventing disease and unrest", as interpreted by the Combined Chiefs of Staff. The only basis ACC has for judging what falls within or without this general formula is the series of decisions by the agencies of the Combined Chiefs of Staff on particular requisitions for civilian supplies for Italy during the past several months. Hence the line between this and the following category is necessarily hard to draw.

Category "B": These items and quantities which fall outside the scope of the military program of civilian supply (Category "A") and for which provision must therefore be made by the civilian agencies of the Allied Governments. The total amount of money available for the furnishing of Category "B" supplies has been assumed to be the equivalent of \$250,000,000.

Transportation

The chief factor limiting anything to be done in Italy is transportation. That is not a very exciting statement, but the fact has cost the United Nations thousands of shipping tons, of dollars and of pounds sterling.

The Allied Control Commission is convinced that unless adequate provision is made for transporting goods and people within Italy, a large part of any import program will be wasted. Specifically, it believes that any program of Category "B" supplies would be largely wasted unless provision can be made for a minimum number of trucks, tires, tubes, batteries, patching kits and fuel to run both the imported trucks and those that can be put into working order by the provision of needed parts.

The need for trucks is so acute that they are considered to be in a special priority class by themselves. On this basis, the estimated needs for trucks and related supplies, broken down by the areas north and south of the Pisa-Rimini line, are given in Appendix "A".

In addition to the needs for trucks, there is an acute need for railroad locomotives and freight cars, and for coal to run even the locomotives now available for civilian use. Arrangements in this regard are necessarily worked out from day to day with the military railway services and the coal supply authorities of the Allied Armies.

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In addition to the needs for trucks, there is an acute need for railroad locomotives and freight cars, and for coal to run even the locomotives now available for civilian use. Arrangements in this regard are necessarily worked out from day to day with the military railway services and the coal supply authorities of the Allied Armies.

2.2.2

Category "A" Supplies

The supplies required for the "military necessity" needs of Italy have in most cases already been requisitioned. This is not to say that during the first six months of 1945 there will not be additional requisitions as the northern part of the country is opened up and unutilized essential needs are encountered. Current requisitions, however, give the best indication of needs for Category "A" supplies as currently anticipated by the ASC.

Incorporation in this summary report of the detailed figures and specifications in all these requisitions would be an unprofitable exercise, since the relevant facts and figures have already been sent through military channels and are available for inspection in Rome, Caserta, London, and Washington. The requirements already stated as falling within the military category of civilian supply have therefore been referred to by requisition number only. The list of these requisitions, by general commodity or purpose groups, will be found in Appendix "B". It should be understood, however, that some of these requisitions have already been filled in whole or in part. They are all included in order to give a complete reference list. Information on action taken on each requisition is presumably available in London and Washington.

Certain commodities require special comments, as follows:

Food - Requests for food imports are handled as statements of requirements rather than as formal requisitions. Estimated requirements through June 1945 as submitted to the CCAC in Washington are shown in Appendix "C". The quantities of wheat and flour shown are required to implement a bread ration of 300 grams throughout Italy, as recommended to the Combined Chiefs of Staff by the Theatre Commander in his letter of 24 September 1944 (CCAC 105/2).

Fuel - Estimates of requirements for both coal and petroleum products are made by Allied Force Headquarters, considering military and civilian needs as parts of a coordinated, "peeled", import program for the theatre. It is therefore not possible at this time for the Allied Control Commission to give any firm estimate of the quantities of these important commodities falling in Category "A". (In Category "B" an attempt has been made to relate requirements of coal to the industrial projects listed).

Power - After very considerable effort, Southern Italy has been provided with power for most of its essential needs. In Central Italy, where 94 percent of all generating capacity was destroyed, the actual need runs into hundreds of thousands of kilowatts. Of the huge potential demand for mobile generating plants only 75,000 KW were requested by ACC and only 60,000 KW were approved by the theatre and requisitioned from Washington. Additional emergency generating capacity will undoubtedly be needed in the north, where the destruction is expected to be nearly complete, and where two-thirds of Italy's power capacity is concentrated.

Agricultural Supplies - A table showing the essential minimum imports of agricultural supplies, classified as Category "B", is attached as Appendix "B". These supplies are for use in Italy during the Spring of 1945. It should be emphasized that every ton of imports shown in this table can be justified as saving two or more tons in imported food during the next crop year.

Clothing, shoes, and textiles - LAC Airgram 32 gave the requirements of clothing, shoes, and textiles for the civilian population of Southern Italy and the Islands. Although there is every indication that the need for clothing (or the wherewithal to make clothing) remains one of the most acute consumer needs after food, no affirmative action has been taken on this requirement in Washington. As we move into the north, large additional needs will be uncovered and will have to be met. At present, therefore, the picture on clothing, shoes, and textiles is not bright.

A special project has been under way to provide shoes for the public safety agents of the Italian Government. The needs for this purpose have been met as far primarily from the repairing of army salvaged shoes in Italy. Increased demands for this purpose in the future may require the import of certain quantities of findings and leather to aid in this repair project.

Category "B" Supplies

It has been indicated to ACC by the U. S. State Department and the British Foreign Office that roughly \$250,000,000 might become available for the purchase of essential imports into Italy, over and above the items and quantities approved as part of the military program. The question therefore arises: In what way would such a sum be most efficiently used in meeting the essential requirements of the Italian people and their economy?

Although an attempt is made here to give a very rough preliminary answer to this question, the answer is necessarily based on assumptions with respect to a host of other, unanswered, questions. For example:

(1) Whether the scope nor the duration of the "military" program (i.e., that approved by the Combined Chiefs of Staff) is clear. It has therefore been necessary in this outline to make a rather arbitrary division between what is and is not included in it.

(2) Two-thirds of Italy's productive power is not yet liberated, and there is little accurate information as to the condition in which the areas north of the Pisa-Rimini line are likely to be found. Present indications are that the productive facilities in the area will be largely destroyed by the retreating Germans.

Subject to these limitations, an attempt has been made to indicate in what types of imported supplies the assumed amount of \$250,000,000 should be "invested", in the best interests of the Italian people and of the United Nations. The estimates that follow are put forward, in effect, as a tentative agenda for further and more detailed discussion.

of specific projects and requisitions which will need to be agreed on between the Italian Government and the Allied Central Commission.

The first need is always transportation. Since transportation is the factor limiting everything that is done in Italy, and since the military are in any event the only feasible source of supply for transportation facilities for at least the next year or so, it is assumed that minimum transportation needs especially in terms of trucks, will be provided as part of the Category "A" program, for which the military assume responsibility. Unless a reasonable provision can be made for essential transportation needs, along the lines of Appendix "A", it would probably be a mistake, from the standpoint of any of the parties concerned to make the type of investment mentioned.

Assuming that \$250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$60,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies (other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining \$190,000,000 would be applied almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the fishing industry, would take up about \$6,650,750, while \$45,148,000 is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industries which make (a) goods essential to the living of any civilized people (clothing, for example), and (b) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this limited sum of money is the following: With \$190,000,000 it is not possible to start production going in Italy to any considerable extent; all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

The basic estimates on which the above allocation of funds is made are given in Appendices "A", "B", and "C". The first of these is a memorandum and tabulation showing what it would take, in terms of money, to repair war damages south of the Flon-Rimini line; an estimate of damages north of that line. Although there is included in Category "B" for the present purpose only a portion of the estimates for the power industry, the reclamation of land flooded by the Germans, and a special

military are in any event the only available source of such transportation facilities for it is at the next very best, it is assumed that minimum transportation needs especially in terms of trucks, will be provided as part of the Category III program, for which the military assume responsibility. Unless a peace-able provision can be made for essential transportation needs, along the lines of Appendix "A", it would probably be a mistake, from the standpoint of any of the parties concerned to make the type of investment mentioned.

Assuming that 3250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$60,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining \$190,000,000 would be applied almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the planning industry, would take up about \$6,650,750, while \$46,148,000 is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industries which make (a) goods essential to the living of any civilized people (clothing, for example), and (b) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this limited sum of money is the following: With \$190,000,000 it is not possible to start production going in Italy to any considerable extent, all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

The basic estimates on which the above allocation of funds is made are given in Appendices "A", "B", and "C". The first of these is a memorandum and tabulation showing what it would take, in terms of money, to repair war damages south of the Pisa-Rimini line, an estimate of damages north of that line. Although there is included in Category "B" for the present purpose only a portion of the estimates for the power industry, the reclamation of land flooded by the Germans, and a special program of heavy engineering equipment, the entire memorandum is included as an Appendix because it gives an idea of the scope of the real

* 5 -

task of rebuilding Italy. More recent information indicates that the assumptions in the memorandum with respect to damage in the north were unduly optimistic; the true costs, therefore, would probably be considerably higher than those indicated in the tabulation.

Appendix "F" indicates the cost of rebuilding, repair, maintenance, and operating supplies, for a number of basic industries, in terms of the money value of imported supplies and also in terms of power and imported coal. The data on industries in the southern part of the country (at least up to a line drawn through the city of Terna) is based to a considerable degree on actual engineering surveys in the field; the needs for the rest of the country are estimated by the use of factors based on the proportion of Italy's total production in each industry which is located in the southern part.

Appendix "G" shows the breakdown of the \$6,150,750 which is taken as the cost of essential imports of agricultural supplies, and supplies for the fishing industry over and above those already requisitioned through military channels.

The following table summarizes the allocation of the \$250,000,000 to the various categories of essential needs.

TABLE I

TENTATIVE ALLOCATION OF FUNDS FOR CATEGORY "B"
IMPORTS INTO ITALY

Total funds assumed to be available	250,000,000
ELECTRIC POWER INDUSTRY (1)	
Power stations	76,500,000
Switching stations	30,000,000
Transmission	24,000,000
PUBLIC WORKS (2)	
Heavy engineering equipment (3)	6,000,000
Reclamation projects (4)	500,000
BASIC INDUSTRIES (5)	
AGRICULTURE AND FISHERIES (6)	
Total funds allocated	189,297,750
Reserve for urgent needs	60,702,250
Total funds assumed to be available	250,000,000

NOTES ON TABLE I

- (1) One half of the figures shown in Appendix "G" as imports for power industry, south of the Pisa-Rimini line.
- (2) South of Pisa-Rimini Line.
- (3) L-0 Aingram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff as a military requirement, would cost roughly \$2,000,000. At least three times this quantity of equipment would be required for the entire southern area up to the Pisa-Rimini line --hence the estimate of \$6,000,000.
- (4) Mostly motors for pumping out former reclamation projects flooded by the Germans.
- (5) See Appendix "F". The area involved here is the Italian main-

ELECTRIC POWER INDUSTRY (1)

Power stations	76,500,000
Switching stations	30,000,000
Transmission	24,000,000
	130,500,000

PUBLIC WORKS (2)

Heavy engineering equipment (3)	6,000,000
Reclamation projects (4)	500,000
	6,500,000

BASIC INDUSTRIES (5)

AGRICULTURE AND FISHERIES (6)	46,147,000
	6,150,750

Total funds allocated

Reserve for urgent needs

Total funds assumed to be available

	189,297,750
	60,702,250
	250,000,000

NOTES ON TABLE I

- (1) One half of the figures shown in Appendix "G" as imports for power industry, south of the Pisa-Rimini line.
- (2) South of Pisa-Rimini Line.
- (3) LaC Airgram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff as a military requirement, would cost roughly \$2,000,000. At least three times this quantity of equipment would be required for the entire southern area up to the Pisa-Rimini line --hence the estimate of \$6,000,000.
- (4) Mostly motors for pumping out former reclamation projects flooded by the Germans.
- (5) See Appendix "H". The area involved here is the Italian mainland south of the Tarni line, plus Sicily and Sardinia.
- (6) See Appendix "H". In the case of agriculture, it is possible to predict the supply requirements with reasonable accuracy for all parts of the country. The figure for total Italy is therefore used in this summary statement.

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APPENDIX A
Estimated Requirements
for Trucks and Related Supplies by Area

	<u>Unit</u> <u>South of P-R L.</u> <u>North of P-R L.</u>		
Trucks (all sizes) (1)	No.	1,700 (2)	5,000 (2)
Tires (3)	No.	22,108	44,216
Tubes (3)	No.	23,390	46,780
Batteries	No.	1,376	2,752
Patching Kits	No. of Kits	6,566	13,132
Additional POL for new trucks (for six months)	Ebls	40,800	120,000

NOTES

- (1) As a result of changes made by AFHQ, the requisition which reached Washington (LAC Airgram 51 of 20 August 1944) requested 1,700 trucks for the northern part of the country and no trucks whatever for the southern part. However, the figures shown here are still the best minimum estimate by ACC of the need for imported trucks. The 5,000 trucks for the north are currently under requisition to AFHQ.
- (2) 250 may be available from Peninsular Base Section, Italy and 250 from British Army sources.
- (3) In addition to the finished tires and tubes, a requisition has been submitted to AFHQ on 22 September 1944 for raw materials and supplies for the repairing and retreading of tires and tubes at the Rome and Bari plants for a six-month period beginning 1 October 1944 (Requisition No. ACC-ENG-35-45). More of these supplies will be needed.

APPENDIX B

List of Reference Numbers on Requisitions Already Submitted Through
Military Channels for Items and Quantities Considered to Fall
Within the Military Category of Civilian Supplies

<u>Commodity or Industry</u>	<u>Reference Number</u>	<u>LAC Airgram</u>
	<u>WGS or ACC</u>	<u>Number</u>

223

Tires (3)	22,100	44,210
Tubes (3)	No.	23,390
Batteries	No.	1,376
Patching Kits	No. of Kits	6,566
Additional POL for new trucks (for six months)	Boles	40,800
		120,000

NOTES

- (1) As a result of changes made by AFHQ, the requisition which reached Washington (LAC Airgram 51 of 20 August 1944) requested 1,700 trucks for the northern part of the country and no trucks whatever for the southern part. However, the figures shown here are still the best minimum estimates by ACC of the need for imported trucks. The 5,000 trucks for the north are currently under requisition to AFHQ.
- (2) 250 may be available from Peninsular Base Section, Italy and 250 from British Army sources.
- (3) In addition to the finished tires and tubes, a requisition has been submitted to AFHQ on 22 September 1944 for raw materials and supplies for the repairing and retreading of tires and tubes at the Rome and Bari plants for a six-month period beginning 1 October 1944 (Requisition No. ACC-ENG-35-45). More of these supplies will be needed.

APPENDIX E

List of Reference Numbers on Requisitions Already Submitted Through Military Channels for Items and Quantities Considered to Fall Within the Military Category of Civilian Supplies

123

Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Power Equipment and Parts	IGS- 63-ENG	
	" - 83-ENG	
	" - 85-ENG	
	" - 88-ENG	
	" - 104-ENG	
	" - 151-ENG	16
	" - 177-ENG	33
	" - 191-ENG	49
	ACC-ENG-9-45	
	" - ENG-11-45	
	MGS-217-SIG	
	ACC-ENG-27-45	

1201

Cont'd: Appendix E.

<u>Commodity or Industry</u>	<u>Reference Number MGS or ACC</u>	<u>LAC Airgram Number</u>
Medical and Sanitation	MGS-221-MED	73
Clothing; Shoes and Textiles	MGS-132-QM " - 82-QM " - 141-QM " - 92-QM " - 122-QM " - 161-QM	7 & 32 185
Agricultural Supplies	MGS- 95-QM " - 96-QM " - 101-QM " - 127-ENG " - 130-QM " - 135-QM " - 142-QM " - 158-QM " - 160-QM " - 193-ENG " - 212-QM " - 213-QM " - 214-QM	3 340 50 68 69 704
Supplies for Forestry	MGS-128-ENG " -ENG-26-45	4
Mining Supplies, Coal	MGS- 51-ENG " - 52-ENG " - 69-ENG " - 70-ENG " - 81-ENG " - 133-ENG " - 145-ENG " - 155-ENG " - 182-ENG	8 15 20 37
Sulphur	MGS - 73-ENG " - 74-ENG " - 75-ENG " - 80-ORD " - 131-ENG " - 168-ORD " - 174-ORD " - 197-ENG " - 198-SIG " - 195-ENG " - 196-SIG	6 55 52 54

Agricultural Supplies

" -122-QM
" -161-QM

MGS- 95-QM
" - 96-QM
" -101-QM
" -127-ENG
" -130-QM
" -135-QM
" -142-QM
" -159-QM
" -160-QM
" -193-ENG
" -212-QM
" -213-QM
" -214-QM

3
340
50
68
69
704

Supplies for Forestry

MGS-128-ENG
" -ENG-26-45

4

Mining Supplies, Coal

MGS- 51-ENG
" - 52-ENG
" - 69-ENG
" - 70-ENG
" - 81-ENG
" -133-ENG
" -143-ENG
" -155-ENG
" -182-ENG

8
15
20
37

Sulphur

MGS - 73-ENG
" - 74-ENG
" - 75-ENG
" - 80-ORD
" -131-ENG
" -163-ORD
" -174-ORD
" -197-ENG
" -143-SIG
" -195-ENG
" -196-SIG

6
55
52
54

Essential Industrial Production Supplies:

Chemical Industry

MGS- 57-QM
12-MISC-GEN-44
ACC-ENG-31-45

Hemp Industry

MGS- 87-QM

Cont'd: Appendix B.

<u>Commodity or Industry</u>	<u>Reference Number MGS or ACC</u>	<u>LAC Airgram Number</u>
Textile Industry	MGS-164-QM " -183-QM " -202-QM " -203-QM	25 38 59 60
Cigarette Industry	MGS-205-BMG	62
Printing Industry	MGS-46-QM " -126-QM " -139-QM " -148-QM " -167-QM	330 29
Match Production	MGS-137-QM	
Soap Production	MGS-89-QM " -186-QM " -192-QM	554 514
Paper: Newsprint	MGS-139-QM " -143-QM " -148-QM " -167-QM	330
Ration Card Paper	MGS-129-QM	5
Paper for Banking	MGS-168-QM " -163-QM " -123-QM	34 24 2 & 31
Paper for School Books	MGS-124-QM " -209-QM	1 66
Export Trade (lemon wrapping paper, etc.)		
Miscellaneous Supplies:	MGS-172-QM " -158-QM " -165-QM " -219-QM	383 26 71 122

Cigarette Industry	IGS-205-ENG	62
Printing Industry	IGS-16-QM " -126-QM " -139-QM " -145-QM " -157-QM	330 29
Match Production	IGS-137-QM	
Soap Production	IGS-89-QM " -186-QM " -192-QM	554 614
<u>Paper:</u> Newsprint	IGS-139-QM " -153-QM " -148-QM " -167-QM	330
Ration Card Paper	IGS-129-QM	5
Paper for Banking	IGS-128-QM " -163-QM " -123-QM	34 26 2 & 31
Paper for School Books	IGS-124-QM " -209-QM	1 66
Export Trade (Lemon Wrapping Paper, etc.)	IGS-172-QM " -158-QM " -165-QM " -219-QM	383 26 71 122
<u>Miscellaneous Supplies:</u> Flour Mills	ACC-ENG-33-45	
Candles	IGS-208-QM	65
Paper Bags	IGS-121-QM " -179-QM " -156-QM	209 12

* An IGS number indicates that the requisition has been forwarded to Washington by AFHQ after screening. An ACC number indicates that AFHQ has either not yet completed its screening or has disapproved the requisition.

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Appendix C

TABLE 1. MAINLAND OF ITALY (1)
Estimated Import Subsistence Requirements
1 January to June 1945
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-North	87,000	150,000	159,000	159,000	159,000	159,000	882,000
Wheat-South	-	-	-	1,000	124,000	125,000	251,000
Total	87,000	150,000	159,000	160,000	283,000	284,000	1,133,000
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	43,560
Milk, dry, skim North	475	475	475	475	475	475	2,850
Milk, ecc. South	3,520	3,520	3,520	3,520	3,520	3,520	21,120
Total	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegs. Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegs. Dried-S.	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,530	1,530	1,530	1,530	1,530	1,530	9,180
Total	3,360	3,360	3,360	3,360	3,360	3,360	20,160
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,165-198,185-198,185-198,185-323,185-343,185						1,368,110

(1) See Notes for basis of estimates

TABLE 2. SICILY and SARDINIA (1)
Estimated Import Subsistence Requirements
1 January to June 1945
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-Sicily	-	5,000	29,000	29,000	29,000	29,000	121,000
Wheat-Sardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	13,000	37,000	37,000	37,000	37,000	169,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
Sugar-Sardinia	300	300	300	300	300	300	1,800
Total	1,350	1,350	1,350	1,350	1,350	1,350	8,100

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Cont'd: Appendix C.

Notes on Basis for Estimated Incoast Subsistence Requirements for Italian Mainland, Sicily and Sardinia
1 January to 30 June 1945

WHEAT Based on normal daily ration of 300 grams of bread (or the equivalent of 240 grams of flour) plus 120g for supplemented rations, with extraction rate for flour at 90% of wheat. Population to be fed calculated at 75% for South of Pisa-Rimini line and at 50% for north thereof based on our experience in South and Italian experience in North and South. Of estimated harvest of 2,036,000 metric tons, it is assumed that 1,412,000 will be consumed during 1944 leaving 624,000 metric tons to reduce indicated imports during 1944. (See "Wheat Requirements for Italy" dated 7 August 1944 and amendment thereto dated 6 September 1944.)

SUGAR based on monthly ration of 250 grams for 100% of population and assuming that Mainland North of Pisa-Rimini line will be able to supply 50% of its own requirements. No sugar plants south of P-R line are presently operable.

MILK Dry - Skim - based on daily requirements of 300 grams of fluid milk for children under two years of age and 250 grams for children 2 to 12 years of age, excluding children of milk producers. Fluid supply for non-producers estimated at 40% of 1942 supply as result of experience in liberated areas not unduly affected by enemy action. One part dry skim milk plus one part fluid milk plus eight parts water treated as substitute for 10 parts fluid milk although caloric value is substantially less.

VEGETABLES DRIED Mainland North of P-R line is based on feeding 80% of population 28 grams per day. Mainland South of P-R line is based on feeding 50% of population 28 grams per day. Sicily based on LAG 18 of 3 May 1944.

MEAT based on feeding 10% of population 28 grams per day and is for use primarily in large urban areas.

FATS based on feeding at least 50% of population norm of P-R line 7 grams per day.

GENERAL REQUIREMENTS for mainland north of P-R line are subject to curtailment of conditions justify after enemy withdrawal.

21 Sep 44.

APPENDIX "D"

TABLE "A": REGIONAL MINERAL REPORTED FERTILIZERS, PARACENTRICALS AND FARM MACHINERY REQUIREMENTS FOR ALL
(For Spring Use in 1945)

Departments	Ammonium Nitrate	Nitrate of Pot.	Copper Sulphate	Copper Oxy-chloride	Zinc + lbs.	Lead lbs.	Sol. Ars.	Orgo- lito	Tractors	Plows	Blade
Piemonte	16,500	7,500	4,450	1,135	-	45	1	6	110	50	50
Liguria	775	200	700	420	-	16	3	2	-	-	-
Lombardia	20,565	5,550	2,480	365	-	34	1	5	270	120	10
Venezia Tridentina	630	650	360	210	-	122	2	13	13	5	-
Veneto	11,245	3,450	9,600	320	-	65	2	7	190	130	3
Venezia Giulia e Zara	640	300	500	115	-	9	-	1	10	5	1
Emilia	16,100	1,600	8,420	685	0.5	79	13	14	320	150	4
Toscana	7,425	250	4,070	395	-	31	5	12	)	)	)
Marche	3,715	150	960	425	1.5	14	2	2	)	)	)
Umbria	1,760	150	750	115	-	17	-	2	)	)	)
Lazio	3,300	150	2,000	575	1.0	21	6	3	)	)	)
Abruzzi	2,470	50	1,030	140	-	17	-	2	)	(2)	(2)
Molise	210	-	-	-	-	-	-	-	)	)	)
Campania	7,145	350	2,670	325	1.0	100	4	15	)	750	500 1,000
Puglia	3,400	450	2,350	765	-	25	4	4	)	)	)
Basilicata	395	-	120	70	-	1	-	-	)	)	)
Calabria	1,520	50	220	125	-	3	-	1	)	)	)
Sicilia	5,425	750	460	320	-	16	2	3	)	)	)
Sardegna	550	-	130	325	-	2	1	1	)	)	)
TOTAL	104,310	22,000	96,000	7,000	4.0	700	50	100	1,160	960	1,200

(1) Full statements of requirements with necessary detail of specifications and justification have been prepared and submitted through proper channels for requisition purposes.

(2) Total for Regions I to VII, inclusive.

APPENDIX "D"

(1)

ESTIMATED BASIC MINIMUM REQUIREMENTS FOR ALL DATA

(For Spring Use in 1945)

Ammonium Nitrate	Ammonium Sulfate	Copper Sulphate	Copper Oxide	Zinc Oxide	Lead Arsenate	Selenium Arsenate	Gypsum	Tractors	Plows	Binders	Belts	Cow- Hires	Trailers
16,300	7,500	4,400	1,450	-	15	1	6	110	50	50	40	)	
775	200	740	420	-	16	3	2	-	-	-	-	)	
20,585	5,550	2,430	365	-	34	1	5	270	120	105	50	)	Estimated basic
800	650	360	210	-	122	2	13	13	5	-	-	)	minimum initial
11,245	3,450	3,300	320	-	85	2	9	190	130	30	50	)	needs
640	300	300	145	-	9	-	1	10	5	10	-	)	
16,100	1,600	3,420	625	0.5	99	10	14	320	150	45	100	)	
7,405	250	4,870	335	-	31	3	12	)					
3,715	150	960	455	1.5	14	2	2	)					
1,760	150	750	115	-	17	-	2	)					
3,300	150	2,000	575	1.0	21	6	3	)					
2,470	50	1,030	140	-	17	-	2	)	(2)	(2)	(2)	(2)	(2)
210	-	-	-	-	-	-	-	)					
7,415	350	2,670	355	1.0	103	4	15	)	750	500	1,000	50	100
3,000	650	2,270	765	-	25	4	4	)					50
305	-	120	70	-	1	-	-	)					
1,500	50	250	125	-	8	-	1	)					
5,425	750	1,600	520	-	16	2	3	)					
350	-	130	325	-	2	1	1	)					
100,310	22,000	36,000	7,000	4.0	700	50	100	1,160	560	1,240	290	100	30

Firm statements of requirements with necessary detail of specifications and justifications have been prepared and submitted through proper channels for requisition purposes.

Total for Regions I to VII, inclusive.

APPENDIX II

HEADQUARTERS
ALLIED CONTROL COMMISSION

Public Works and Utilities Sub-Commission
APO 34

ACCOMPLISHED

5 Aug. 1944

SUBJECT: Estimate of one year's expenditures for damage reconstruction.

TO : Vice President, Economic Section.

1. Attached hereto is an estimate of one year's reconstruction program to cover the first year after the war.

2. The attached estimate is based upon known damage south of the Pisa-Rimini line in Italy, Sicily and Sardinia. The estimate for the first year is 6,000,000,000 lire. That line is presented upon the map. It is only that only a portion of that area would be damaged to a similar extent as Central Italy, whereas, generally speaking, the islands would have a relatively limited amount of damage.

3. The whole estimate has been prepared in lire using present construction costs to 1940. These lire were then converted into dollars at the rate of 100 lire per dollar. Should the post-war rate of the lire be different a proportionate adjustment would have to be made in the dollar estimate presented herewith.

4. In discussion with officials of the Ministry of Public Works, we have been able to time been furnishing us with some of the basic data, we are given to understand that Italy plans to undertake an "extra program" of reconstruction covering a period of several years. It is that program it is naturally suggested that electrical plants must be largely rehabilitated during the first and second years with the program. It is suggested that during the first year, there will be a relatively large amount of work done for these plants, and for which commitment will have to be made during the first year, are included in the first year's program. Likewise, machinery to rehabilitate certain portions of the ports of Italy, essential for the rehabilitation of ports in the same manner, are also included in the first year's commitment program. Similarly, highway reconstruction equipment which must be brought over at an early date to enable Italy to rebuild its highways so that highway commerce may be given a relatively free flow, are also included in the first year's program.

5. We have not only made an estimate of the cost of anticipated imports but we have also made a rough estimate of the possible cost of Italy in the way of local labor and materials in connection with this reconstruction program so as to obtain an overall picture of the total cost to Italy for this work.

6. It should be pointed out at this time that these estimates are based upon information made as soon available after which it

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 Vice President, Economic Section,

L. A. DUNN
Lt. Colonel, U.S.A.
D. L. CAMP

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Cont'd: Appendix E.

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HEADQUARTERS
UNITED STATES CONTROL COMMISSION
Public Works and Utilities Sub-Commission
APO 394

APPROXIMATE ESTIMATE OF THE EXPENDITURE FOR THE REPAIR OF WAR
DAMAGES THROUGHOUT ITALY RELATIVE TO THE WORKS LISTED BELOW

	S. of P-R Line		K. of P-R Line		Total (Million \$'s)	
	Local Cost	Imports	Local Cost	Imports	Local Cost	Imports
State Highways	6.45	2.20	4.85	1.50	11.30	3.70 (a)
State Hy Bridges	27.86	-	67.14	5.00	95.00	5.00 (a)
Other Highways	6.00	2.40	10.20	3.60	17.60	6.00 (a)
Other Hy Bridges	36.00	-	84.00	-	120.00	-
Buildings-Private	480.00	53.00	615.00	68.00	1095.00	121.00 (a)
Buildings-Public	65.70	7.30	85.95	9.55	151.65	16.85 (a)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (a)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00 (a)
Reclaimed Lands (Bonifiche)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40
Aqueducts, Sewers & Cemetaries	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	58.00	153.00	76.00	302.00	114.00	455.00
Electrical-Switching Stas.	15.50	60.00	30.50	120.00	46.00	180.00
Electrical-Transmission	12.00	48.00	24.00	96.00	36.00	144.00
Total	729.51	331.70	1031.34	611.45	1760.85	943.15
Grand Total -	1051.21	1642.79			2704.00	

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	S. of P-R Line		N. of P-R Line		Total (Million \$)	
	Local Cost	Imports	Local Cost	Imports	Local Cost	Imports
State Highways	6.45	2.20	4.85	1.50	11.30	3.70 (a)
State Hy Bridges	27.86	-	67.14	5.00	95.00	5.00 (b)
Other Highways	6.80	2.40	10.20	3.60	17.00	6.00 (c)
Other Hy Bridges	36.00	-	34.00	-	120.00	-
Buildings-Private	480.00	53.00	615.00	68.00	1095.00	121.00 (d)
Buildings-Public	65.70	7.30	85.95	9.55	151.65	16.85 (e)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (d)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00 (e)
Reclaimed Lands (Bonifiché)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Navigation	1.35	0.15	2.75	0.25	4.10	0.40
Aqueducts, Sewers & Canals	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	38.00	153.00	76.00	302.00	114.00	455.00
Electrical- Switching Stas.	15.50	60.00	30.50	120.00	46.00	180.00
Electrical- Transmission	12.00	46.00	24.00	96.00	36.00	144.00
Total	729.54	331.70	1031.34	611.45	1760.05	943.15
Grand Total	1051.21	1642.79	2704.00			

- (a) 100 MILLIONS for Machinery and 270 MILLIONS for Bitumen at \$30.00 a ton.
- (b) Imported steel shapes 50,000 tons at \$100.00 a ton.
- (c) 100 MILLIONS for Machinery and 520 MILLIONS for Bitumen at \$30.00 a ton.
- (d) Estimated 10% of total cost for steel and timber.
- (e) Port Machinery.

APPENDIX A
 ESTIMATING COSTS OF A HARBOR
 DEVELOPMENT PROJECT FOR TRAFFIC
 (See Notes below)

INDUSTRIAL PLANT REQUIRED										42
LARGEST PLANT REQUIRED										
No.	ITEM	Quantity Required	1950 A.S.G.		1,500 Tons		Costs		Area	
			Area N.1	Area N.2	Area N.1	Area N.2				
1	Gravel	1	9	9	0.3	0.3	\$ 6,000	\$ 6,000	\$ 45	
	Silts	2	10	10	10	10	200,000	200,000	22	
	Lime	2	14	14	2	2	40,000	40,000	22	
	Iron	2	1	2	-	-	-	-	5	
	Coal	1	15	30	0.4	0.8	3,000	16,000	60	
2.	SOIL	1	5	10	1	2	20,000	40,000	6,000	
3	WATER	2	15	20	15	30	300,000	600,000	9,000	
4	CONCRETE	1	40	280	70	630	1,600,000	12,600,000	52	
5	STEEL	1	17	35	120	600	2,400,000	12,000,000	2,000	
6	WOOD, PLYWOOD, BRICKS, CEMENTS	2	3	10	15	90	300,000	1,800,000	22	
7	PAINTS	2	23	115	4	20	30,000	400,000	1,500	
8	FERTILIZERS	1	115	345	20	60	400,000	1,200,000	5,500	
9	WOOD, PLYWOOD, BRICKS, CEMENTS	1	1	3	-	-	-	-	5	
10	PAINTS	1	0.7	2.4	-	-	-	-	2	
11	CONCRETE	2	0.5	1	3.5	7	70,000	1,400,000	500	
12	STEEL	1	0.05	0.1	2	4	40,000	80,000	3,500	
13	Chemicals									
	Carbon black, white	1	4	20	1.9	4.5	10,000	90,000	50	
	Synthetic Soda	1	9	45	0.5	2.5	10,000	50,000	2,500	
	Sod. Carbonate	1	-	-	-	-	-	-	-	
	Sod. Sulfate	1	0.9	4.5	0.5	2.5	10,000	50,000	300	
	Sulfuric acid	1	1.5	7.5	-	-	-	-	100	
	Copper Sulfate	1	0.3	1.5	0.25	1.25	5,000	25,000	1,000	
	Other Chemicals	2	5	25	5	25	100,000	500,000	500	
14	Other materials	2	-	5	2.5	12.5	25,000	125,000	200	
	N.1 area totals		292		293		\$5,632,000		\$33,510	
	N.2 area totals			1173		1504		\$30,087,000		
	Grand totals		292	1173	293	1504	\$5,632,000	\$30,087,000	\$33,510	

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APPENDIX A
 ESTIMATED COSTS OF A LIMITED
 RECONSTRUCTION PROGRAM FOR TONGA
 (See Notes Below)

RECONSTRUCTION COSTS REQUIRED			RECONSTRUCTION COSTS REQUIRED				ALL OTHER EXPENSES	
PROJECTS Required	Area 1	Area 2	1,000 Tons	Tons	Costs Area 1	Area 2	AREA N.1	AREA N.2
1	9	9	0.3	0.3	\$ 2,000	\$ 6,000	\$ 150,000	\$ 450,000
2	10	10	10	10	200,000	200,000	225,000	225,000
2	14	14	2	2	40,000	40,000	225,000	225,000
2	1	2	-	-	-	-	225,000	225,000
1	15	30	0.4	0.8	3,000	16,000	50,000	100,000
1	5	10	1	2	20,000	40,000	600,000	1,200,000
2	10	20	15	30	300,000	600,000	6,000,000	12,000,000
1	14	280	30	630	1,800,000	12,600,000	9,000,000	18,000,000
1	17	85	120	630	3,400,000	12,000,000	520,000	3,640,000
2	3	18	15	90	300,000	1,800,000	2,000,000	10,000,000
2	23	115	4	20	30,000	400,000	220,000	1,320,000
1	115	395	20	60	400,000	1,200,000	1,500,000	7,500,000
1	1	3	-	-	-	-	5,500,000	11,500,000
1	0.7	2.1	-	-	-	-	50,000	150,000
2	0.5	1	3.5	7	70,000	1,400,000	25,000	75,000
1	0.05	0.1	2	4	40,000	80,000	500,000	1,000,000
1	4	20	0.9	4.5	15,000	99,000	3,500,000	7,000,000
1	9	45	0.5	2.5	10,000	50,000	50,000	250,000
1	-	-	-	-	-	-	2,500,000	12,500,000
1	0.9	4.5	0.5	2.5	10,000	50,000	-	-
1	1.5	-	-	-	-	-	300,000	1,500,000
1	0.3	1.5	0.25	1.25	5,000	25,000	100,000	500,000
2	5	25	5	25	100,000	500,000	1,000,000	5,000,000
2	5	25	4.5	22.5	10,000	50,000	500,000	2,500,000
292	1179	293	253	1506	55,632,000	430,087,000	339,515,000	1,026,655,000
292	1179	293	1506	1506	55,632,000	430,087,000	339,515,000	1,026,655,000

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NOTES:

- a) Area - South of Terni - \$ 46,147,000 - 34-700 of
 b) Area - All of Italy - \$ 132,722,000 (Total
 c) These figures reflect our best estimates from observations
 and calculations of conditions as found south of Terni.
 d) All cost figures represent quantities over a 6 months period.

CHIEF ITEMS REQUIRED

ITEM #1	- Explosives, carbide, accessories
" #2	Equipment & Misc. M.R.O. Mining supplies
" #3	Caustic Soda & Oils, M.R.O. & Equipment
" #4	Cellulose, Saw machines, Misc. M.R.O. supplies
" #5	Engs & Misc. M.R.O. & Equipment
" #6	Raw Equipment as Motors Transformers, etc. & Misc.
" #7	M.R.O. supplies
" #8	New Equipment as Motors transformers, etc. & Misc.
" #9	M.R.O. supplies
" #10	Raw Cotton, Reconstruction Machinery & Misc. M.R.O.
" #11	Supplies
" #12	Reconstruction Equipment, M.R.O. supplies, phosphate
" #13	Rock & other chemicals
" #14	Machinery & M.R.O. supplies
" #15	M.R.O. supplies - new machines
" #16	New Equipment & M.R.O. supplies
" #17	New Equipment & M.R.O. supplies
" #18	Plant Reconstruction & M.R.O. supplies
" #19	Scrap copper & M.R.O. supplies.

Appendix G

MINIMUM REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL
 PRODUCTION, FISHERIES AND FORESTRY
 IN ALL OF ITALY UP TO JUNE 30, 1945

These requirements are over and above those already requisitioned
 and to be included in Category A. (see Appendix "D").

US Unit Value	South P-R Line	Total Value	
		North Italy	All Italy
50,000 tons Superphosphate	30 \$ 750,000	\$ 750,000	\$1,500,000
50 " Copper Carbonate	200	10,000	10,000
20 " Zinc Phosphate	150	3,000	3,000
200 " Spray Oil (33%)	100	5,000	20,000
Ammonium Emulsion, Valox type)		\$ 750,000	\$1,500,000

AGRICULTURE

Fertilizers, insecticides.
 50,000 tons Superphosphate
 50 " Copper Carbonate
 20 " Zinc Phosphate
 200 " Spray Oil (33%)
 Ammonium Emulsion, Valox type)

AGRICULTURAL MACHINERY

Implements, tools, etc.
 1,000 tractors, 12 ton (or which
 1,110 steel wheels and 50 rubber

- " #3 - Cellulose, new machines, misc., M.R.O. supplies
- " #4 - Paper & misc. M.R.O. & Equipment
- " #5 - New equipment as Motor transformers, etc. & Misc.
- " #6 - M.R.O. supplies
- " #7 - New equipment as Motors transformers, etc. & Misc.
- " #8 - M.R.O. supplies
- " #9 - New Cotton, Reconstruction Machinery & Misc. M.R.O. supplies
- " #10 - Reconstruction Equipment, M.R.O. supplies, phosphate
- " #11 - Rock & other chemicals
- " #12 - Machinery & M.R.O. supplies
- " #13 - M.R.O. supplies - new machines
- " #14 - New Equipment & M.R.O. supplies
- " #15 - New Equipment & M.R.O. supplies
- " #16 - Plant Reconstruction & M.R.O. supplies
- " #17 - Scrap copper & M.R.O. supplies.

Appendix C

MINIMUM REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL PRODUCTION, FISHERIES AND FORESTRY IN ALL OF ITALY UP TO JUNE 30, 1945

These requirements are over and above those already requisitioned and to be included in Category A (see Appendix "B").

	US Unit Value	South P-R Line	Total Value North Italy	South Italy
AGRICULTURE				
Fertilizers, Insecticides, etc.				
50,000 tons Superphosphates	30 G	750,000	\$ 750,000	\$1,500,000
50 " Copper Carbonate	200		10,000	10,000
10 " Zinc Phosphate	150		3,000	3,000
200 " Spray Cell (233)				
Ammonium Emulsion, Vasek type	100	15,000	5,000	20,000
		\$ 765,000	\$ 768,000	\$1,533,000
AGRICULTURAL MACHINERY				
Implementation Tools, etc.				
1,160 Tractors, 12 tps (of which 1,110 steel wheels and 50 rubber wheels)	\$ 1,000	360,000	\$ 800,000	\$3,160,000
100 Containers	1,000		100,000	100,000
200 Hammers (Pelt driven, FLD)	300	27,000	80,000	87,000
1,240 Binders	225		279,000	279,000
950 Plows	150	44,000	100,000	144,000
50 Hammers (rubber wheels)	150	3,250	3,250	7,500
		\$34,750	1,342,750	1,777,500

(cont'd on page 17)

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CENTRAL APPENDIX C.

US Unit Value	South P-R Line	Total Value	
		North Italy	Will Italy
Male, pregnant FWG, (plus 10% of value for spare parts)	\$ 434,750	\$1,342,750	\$1,777,500
400 Trucks, 14 ton, wheel 1,500	43,475	434,750	477,750
800 tons Pioneer Trailer	300,000	300,000	600,000
200 " Hercules Trailer		200,000	200,000
Hand Tools (already owned and at its port)	7,500	7,500	60,000
100 Treadmill (for low speed)	50,000	100,000	150,000
Spare parts for these 100 Treadmills	15,000	15,000	50,000
	820,725	4,179,225	3,036,250
	\$1,615,725	\$2,947,525	\$4,563,250

TOTAL - Agriculture

FISHING INDUSTRY

Motors

50 Marine Motors, Diesel Internal Combustion	\$ 4,000	\$ 100,000	\$ 200,000
75 Marine Motors, Diesel reduction gear, 120 HP	4,500	168,750	337,500
45 Marine Motors, Diesel reduction gear, 120 HP	10,000	125,000	250,000
100 Marine Motors, Diesel with reduction gear from 150 HP to 250 HP	1,500	75,000	150,000
Internal Combustion		468,750	937,500

Machinery to Manufacture Nets

40 Units to manufacture various size fishing nets

Refrigeration

20 units for installation on 40 fishing vessels (40 to 60 tons) for the refrigeration of fish carrying fresh fish

Canning

2,500 tons tin for canning, size 200

75,000 75,000 150,000

RESEARCH DESIGN

70 Marine Motors, Diesel
Internal Combustion
Reduction gear, 40 HP
75 Marine Motors, Diesel
Internal Combustion
Reduction gear, 100 HP
45 Marine Motors, Diesel
Internal Combustion
With reduction gear
From 150 HP to 250 HP
100 Marine Motors, Diesel
Internal Combustion
Just type, from 8 HP
to 30 HP

40) *Polysiphonia muricata* (L.) Dawson
Polysiphonia muricata Dawson

20 parts per installation of
a new fishing vessel
(40 to 60 tons) for the
return price of a 165
cubic foot fish.

2,300	none	Thin Test	Control, 912, 300
2,500	"	"	" IO ₂ (
2,500	"	"	" IO ₂ (
2,500	"	"	" IO ₂ (
		Total	7,300, 300

CONCLUSION
 There are limitations for forestry
 ops. seemed to be sufficient until
 they provide more information.

Figure 1

GRAND TOTAL - 4,381,000,000
 1,000,000,000
 1,000,000,000
 1,000,000,000

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HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

October 1944

SECRET

SECRET

11

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ITALY: OUTLINE OF ESSENTIAL CIVILIAN IMPORTS

In the following pages are summarized the current views of the Economic Section, Allied Control Commission, with respect to Italy's most essential needs for imported supplies, roughly during the first half of 1945.

The supplies to be imported have been broken down into two categories:

Category "A": Those items and quantities which are considered to fall within the military mission of "preventing disease and unrest", as interpreted by the Combined Chiefs of Staff. The only basic ACC has for judging what falls within or without this general formula is the series of decisions by the agencies of the Combined Chiefs of Staff on particular requisitions for civilian supplies for Italy during the past several months. Hence the line between this and the following category is necessarily hard to draw.

Category "B": Those items and quantities which fall outside the scope of the military program of civilian supply (Category "A") and for which provision must therefore be made by the civilian agencies of the Allied Governments. The total amount of money available for the furnishing of Category "B" supplies has been assumed to be the equivalent of \$250,000,000.

Transportation

The chief factor limiting anything to be done in Italy is transportation. That is not a very exciting statement, but the fact has cost the United Nations thousands of shipping tons, of dollars and of pounds sterling.

The Allied Control Commission is convinced that unless adequate provision is made for transporting goods and people within Italy, a large part of any import program will be wasted. Specifically, it believes that any program of Category "B" supplies could be largely wasted unless provision can be made for a minimum number of trucks, tires, tubes, batteries, patching kits and fuel to run both the imported trucks and those that can be put into working order by the provision of needed parts.

The need for trucks is so acute that they are considered to be in a special priority class by themselves. On this basis, the estimated needs for trucks and related supplies, broken down by the areas north and south of the Pisa-Rimini line, are given in Appendix "A".

In addition to the needs for trucks, there is an acute need for railroad locomotives and freight cars, and for coal to run even the locomotives now available for civilian use. Arrangements in this regard are necessarily worked out from day to day with the military railway services and the coal supply authorities of the Allied Armies.

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Category "A": These items and quantities which are considered to fall within the military mission of "preventing disease and unrest", as interpreted by the Combined Chiefs of Staff. The only basis ACC has for judging what falls within or without this general formula is the series of decisions by the agencies of the Combined Chiefs of Staff on particular requisitions for civilian supplies for Italy during the past several months. Hence the line between this and the following category is necessarily hard to draw.

Category "B": These items and quantities which fall outside the scope of the military program of civilian supply (Category "A") and for which provision must therefore be made by the civilian agencies of the Allied Governments. The total amount of money available for the furnishing of Category "B" supplies has been assumed to be the equivalent of \$250,000,000.

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Category "A" Supplies

The supplies required for the "military necessity" needs of Italy have in most cases already been requisitioned. This is not to say that during the first six months of 1945 there will not be additional requisitions as the northern part of the country is opened up and unutilized essential needs are encountered. Current requisitions, however, give the best indication of needs for Category "A" supplies as currently anticipated by the ACC.

Incorporation in this summary report of the detailed figures and specifications in all these requisitions would be an unprofitable exercise, since the relevant facts and figures have already been sent through military channels and are available for inspection in Rome, Caserta, London, and Washington. The requirements already stated as falling within the military category of civilian supply have therefore been referred to by requisition number only. The list of these requisitions, by general commodity or purpose groups, will be found in Appendix "A". It should be understood, however, that some of these requisitions have already been filled in whole or in part. They are all included in order to give a complete reference list. Information on action taken on each requisition is presumably available in London and Washington.

Certain commodities require special comments, as follows:

Food - Requests for food imports are handled as statements of requirements rather than as formal requisitions. Estimated requirements through June 1945 as submitted to the CCAC in Washington are shown in Appendix "C". The quantities of wheat and flour shown are required to implement a bread ration of 300 grams throughout Italy, as recommended to the Combined Chiefs of Staff by the Theatre Commander in his letter of 24 September 1944 (CCAC 105/2).

Fuel - Estimates of requirements for both coal and petroleum products are made by Allied Force Headquarters, considering military and civilian needs as parts of a consolidated "peeled" import program for the theatre. It is therefore not possible at this time for the Allied Control Commission to give any firm estimate of the quantities of these important commodities falling in Category "A". (In Category "B" an attempt has been made to relate requirements of coal to the industrial projects listed).

Power - After very considerable effort, Southern Italy has been provided with power for most of its essential needs. In Central Italy, where 94 percent of all generating capacity was destroyed, the actual need runs into hundreds of thousands of kilowatts. Of the huge potential demand for mobile generating plants only 75,000 KW were requested by ACC and only 60,000 KW were approved by the theatre and requisitioned from Washington. Additional emergency generating capacity will undoubtedly be needed in the north, where the destruction is expected to be nearly complete, and where two-thirds of Italy's power capacity is concentrated.

Agricultural Supplies - A table showing the essential minimum imports of agricultural supplies, classified as Category "B", is attached as Appendix "D". These supplies are for use in Italy during the Spring of 1945. It should be emphasized that every ton of imports shown in this table can be justified as saving two or more tons in imported food during the next crop year.

Clothing, shoes, and textiles - LAC Airmen 32 gave the requirement of clothing, shoes, and textiles for the civilian population of Southern Italy and the Islands. Although there is every indication that the need for clothing (or the wherewithal to make clothing) remains one of the most acute consumer needs after food, no affirmative action has been taken on this requisition in Washington. As we move into the north, large additional needs will be uncovered and will have to be met. At present, therefore, the picture on clothing, shoes, and textiles is not bright.

A special project has been under way to provide shoes for the public safety agents of the Italian Government. The needs for this purpose have been met so far primarily from the repairing of Army salvage shoes in Italy. Increased demands for this purpose in the future may require the import of certain quantities of findings and leather to aid in this repair project.

Category "B" Supplies

It has been indicated to ACC by the U. S. State Department and the British Foreign Office, that roughly \$250,000,000 might become available for the purchase of essential imports into Italy, over and above the items and quantities approved as part of the military program. The question therefore arises: In what way would such a sum be most efficiently used in meeting the essential requirements of the Italian people and their economy?

Although an attempt is made here to give a very rough preliminary answer to this question, the answer is necessarily based on assumptions with respect to a host of other, unanswered, questions. For example:

(1) Neither the scope nor the duration of the "military" program (i.e., that approved by the Combined Chiefs of Staff) is clear. It has therefore been necessary in this outline to make a rather arbitrary division between what is and is not included in it.

(2) Two-thirds of Italy's productive power is not yet liberated, and there is little accurate information as to the condition in which the areas north of the Pisa-Rimini line are likely to be found. Present indications are that the productive facilities in the area will be largely destroyed by the retreating Germans.

Subject to these limitations, an attempt has been made to indicate in what types of imported supplies the assumed amount of \$250,000,000 should be "invested", in the best interests of the Italian people and

of 1947. It should be emphasized that every ton of imported food this table can be justified as saving two or more tons in imported food during the next crop year.

Clothing, shoes, and textiles - LAC August 32 gave the requirement of clothing, shoes, and textiles for the civilian population of Southern Italy and the Islands. Although there is every indication that the need for clothing (or the wherewithal to make clothing) remains one of the most acute consumer needs after food, no affirmative action has been taken on this requisition in Washington. As we move into the north, large additional needs will be uncovered and will have to be met. At present, therefore, the picture on clothing, shoes, and textiles is not bright.

A special project has been under way to provide shoes for the public safety agents of the Italian Government. The needs for this purpose have been met as far as primarily from the repatriation of army salvaged shoes in Italy. Increased demands for this purpose in the future may require the import of certain quantities of findings and leather to aid in this repair project.

Category "E" Supplies

It has been indicated to AOC by the U. S. State Department and the British Foreign Office that roughly \$250,000,000 might become available for the purchase of essential imports into Italy over and above the items and quantities approved as part of the military program. The question therefore arises: In what way would such a sum be most efficiently used in meeting the essential requirements of the Italian people and their economy?

Although an attempt is made here to give a very rough preliminary answer to this question, the answer is necessarily based on assumptions with respect to a host of other, unanswered, questions. For example:

(1) Whether the scope and the duration of the "military" program (i.e., that approved by the Combined Chiefs of Staff) is clear. It has therefore been necessary in this outline to make a rather arbitrary division between what is and is not included in it.

(2) Two-thirds of Italy's productive power is not yet liberated, and there is little accurate information as to the condition in which the areas north of the Pisa-Rimini line are likely to be found. Present indications are that the productive facilities in the area will be largely destroyed by the retreating Germans.

Subject to these limitations, an attempt has been made to indicate in what types of imported supplies the assumed amount of \$250,000,000 should be "invested", in the best interests of the Italian people and of the United Nations. The estimates that follow are put forward, in effect, as a tentative agenda for further and more detailed discussion.

of specific projects and requisitions which will need to be agreed on between the Italian Government and the Allied Control Commission.

The first need is always transportation. Since transportation is the factor limiting everything that is done in Italy, and since the military are in any event the only feasible sources of supply for transportation facilities for at least the next year or so, it is assumed that minimum transportation needs especially in terms of trucks, will be provided as part of the Category "A" program, for which the military assume responsibility. Since a reasonable provision can be made for essential transportation needs, along the lines of Appendix "A", it would probably be a mistake, from the standpoint of any of the parties concerned to make the type of investment mentioned.

Assuming that \$250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$60,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies (other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining \$190,000,000 would be applied, almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the fishing industry, would take up about \$6,650,750, while \$46,148,000 is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industries which make (a) goods essential to the living of any civilized people (clothing, for example), and (b) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this limited sum of money is the following: With \$190,000,000 it is not possible to start production going in Italy to any considerable extent; all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

The basic estimates on which the above allocation of funds is made are given in Appendices "A", "B", and "C". The first of these is the memorandum and tabulation showing what it would take, in terms of money, to repair war damages south of the Pisa-Rimini line, and estimates damages north of that line. Although there is included in Category "B" for the present purposes only a portion of the estimates for the power industry, the reclamation of land flooded by the Germans, and a special program of heavy engineering equipment, the entire memorandum is included as an appendix because it gives an idea of the scope of the

military are in any event the only feasible source of supply for transportation facilities for at least the next year or so, it is assumed that minimum transportation needs especially in terms of trucks, will be provided as part of the Category "M" program, for which the military assume responsibility. Since these able provision can be made for essential transportation needs along the lines of Appendix "M", it would probably be a mistake, even the at a point of any of the parties concerned to make the type of investment mentioned.

Assuming that \$250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$60,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies (other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining \$190,000,000 would be applied almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the fishing industry, would take up about \$6,650,750, while \$46,148,000 is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industrial people (clothing, for example), and (b) living of any civilian people (clothing, for example), and (c) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this limited sum of money is the following: With \$190,000,000 it is not possible to start production going in Italy to any considerable extent, all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

The basic estimates on which the above allocation of funds is made are given in Appendixes "M", "F", and "G". The first of these is a memorandum on population showing what it would take, in terms of money, to repair war damages south of the Pisa-Rimini line, in estimates ranges north of that line. Although there is included in Category "G" for the present purpose only a portion of the estimates for the power industry, the reclamation of land flooded by the Germans, and a special program of heavy engineering equipment, the entire memorandum is included as an Appendix because it gives an idea of the scope of the re-

task of rebuilding Italy. More recent information indicates that the assumptions in the memorandum with respect to damage in the north were unduly optimistic; the true costs, therefore, would probably be considerably higher than those indicated in the tabulation.

Appendix "F" indicates the cost of rebuilding, repair, maintenance, and operating supplies, for a number of basic industries, in terms of the money value of imported supplies and also in terms of power and imported coal. The data on industries in the southern part of the country (at least up to a line drawn through the city of Terni) is based to a considerable degree on actual engineering surveys in the field; the needs for the rest of the country are estimated by the use of factors based on the proportion of Italy's total production in each industry which is located in the southern part.

Appendix "G" shows the breakdown of the \$6,150,750 which is taken as the cost of essential imports of agricultural supplies, and supplies for the fishing industry over and above those already requisitioned through military channels.

The following table summarizes the allocation of the \$250,000,000 to the various categories of essential needs.

TABLE 1

TENTATIVE ALLOCATION OF FUNDS FOR CATEGORY "B"
IMPORTS INTO ITALY

Total funds assumed to be available 250,000,000

ELECTRIC POWER INDUSTRY (1)

Power stations 76,500,000
Switching stations 30,000,000
Transmission 24,000,000

130,500,000

PUBLIC WORKS (2)

Heavy engineering equipment (3) 6,000,000
Reclamation projects (4) 500,000

6,500,000

BASIC INDUSTRIES (5)

46,147,000

AGRICULTURE AND FISHERIES (6)

6,150,750

Total funds allocated 189,297,750

Reserve for urgent needs 60,702,250

Total funds assumed to be available 250,000,000

NOTES ON TABLE I

- (1) One half of the figures shown in Appendix "G" as imports for power industry, south of the Pisa-Rimini line.
- (2) South of Pisa-Rimini Line.
- (3) LAC Airgram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff as a military requirement, would cost roughly \$2,000,000. At least three times this quantity of equipment would be required for the entire southern area up to the Pisa-Rimini line --hence the estimate of \$6,000,000.
- (4) Mostly motors for pumping out former reclamation projects flood-

ELECTRIC POWER INDUSTRY (1)	
Power stations	76,500,000
Switching stations	30,000,000
Transmission	<u>22,000,000</u>
PUBLIC WORKS (2)	
Heavy engineering equipment (3)	6,000,000
Reclamation projects (4)	<u>500,000</u>
BASIC INDUSTRIES (5)	
AGRICULTURE AND FISHERIES (6)	
	46,147,000
	6,150,750
	<u> </u>
Total funds allocated	189,297,750
Reserve for urgent needs	60,702,250
	<u> </u>
Total funds assumed to be available	250,000,000

NOTES ON TABLE I

- (1) One half of the figures shown in Appendix "a" as imports for power industry, south of the Pisa-Rimini line.
- (2) South of Pisa-Rimini Line.
- (3) LAC Airgram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff as a military requirement, would cost roughly \$2,000,000. At least three times this quantity of equipment would be required for the entire southern area up to the Pisa-Rimini line --hence the estimate of \$6,000,000.
- (4) Mostly motors for pumping out former reclamation projects flooded by the Germans.
- (5) See Appendix "a". The area involved here is the Italian mainland south of the Tarni line, plus Sicily and Sardinia.
- (6) See Appendix "a". In the case of agriculture, it is possible to predict the supply requirements with reasonable accuracy for all parts of the country. The figure for total Italy is therefore used in this summary statement.

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APPENDIX A
Estimated Requirements
for Trucks and Related Supplies by Area

Unit		South of P-R L.		North of P-R L.	
Trucks (all sizes) (1)	No.	1,700 (2)		5,000 (2)	
Tires (3)	No.	22,108		44,216	
Tubes (3)	No.	23,390		46,780	
Batteries	No.	1,376		2,752	
Patching Kits	No. of Kits	6,566		13,132	
Additional POL for new trucks (for six months)	BBls	40,800		120,000	

NOTES

- (1) As a result of changes made by ARHQ, the requisition which reached Washington (LAC Airmgram 51 of 20 August 1944) requested 1,700 trucks for the northern part of the country and no trucks whatever for the southern part. However, the figures shown here are still the best minimum estimates by ACC of the need for imported trucks. The 5,000 trucks for the north are currently under requisition to ARHQ.
- (2) 250 may be available from peninsular Base Section, Italy and 250 from British Army sources.
- (3) In addition to the finished tires and tubes, a requisition has been submitted to ARHQ on 22 September 1944 for raw materials and supplies for the repairing and retreading of tires and tubes at the Rome and Bari plants for a six-month period beginning 1 October 1944 (Requisition No. ACC-MNG-35-45). More of these supplies will be needed.

APPENDIX B

List of Reference Numbers on Requisition Already Submitted Through Military Channels for Items and Quantities Considered to Fall Within the Military Category of Civilian Supplies

Commodity or Industry	Reference Number LAC or ACC	LAC Airmgram Number
-----------------------	--------------------------------	------------------------

Tubes (3)	No.	23,390	46,780
Batteries	No.	1,376	2,752
Patching Kite	No. of Kits	6,566	13,132
Additional POL for new trucks (for six months)	EUls	40,800	120,000

NOTES

- (1) As a result of changes made by AFHQ, the requisition which reached Washington (LAC Airgram 51 of 20 August 1944) requested 1,700 trucks for the northern part of the country and no trucks whatever for the southern part. However, the figures shown here are still the best minimum estimate by ACC of the need for imported trucks. The 5,000 trucks for the north are currently under requisition to AFHQ.
- (2) 250 may be available from Peninsular Base Section, Italy and 250 from British Army sources.
- (3) In addition to the finished tires and tubes, a requisition has been submitted to AFHQ on 22 September 1944 for raw materials and supplies for the repairing and retreading of tires and tubes at the Rome and Bari plants for a six-month period beginning 1 October 1944 (Requisition No. ACC-ENG-35-45). More of these supplies will be needed.

APPENDIX B

List of Reference Numbers on Requisitions Already Submitted Through Military Channels for Items and Quantities Considered to Fall Within the Military Category of Civilian Supplies

Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Power Equipment and Parts	MGS- 63-ENG	
"	" - 83-ENG	
"	" - 85-ENG	
"	" - 88-ENG	
"	" - 104-ENG	
"	" - 151-ENG	
"	" - 177-ENG	
"	" - 191-ENG	
ACC-ENG-9-45		
" - ENG-11-45		
MGS-217-SIG		
ACC-ENG-27-45		

103

16
33
49

1 2 3 4

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Cont'd: Appendix B.

Commodity or Industry	Reference Number MGS or ACC	LAC Airgram Number
Medical and Sanitation	MGS-221-MED	73
Clothing; Shoes and Textiles	MGS-132-QM " - 82-QM " - 141-QM " - 52-QM " - 122-QM " - 181-QM	7 & 32 185
Agricultural Supplies	MGS- 95-QM " - 96-QM " - 101-QM " - 127-ENG " - 130-QM " - 135-QM " - 142-QM " - 159-QM " - 160-QM " - 193-ENG " - 212-QM " - 213-QM " - 214-QM	3 340 50 88 69 704
Supplies for Forestry	MGS-128-ENG " - ENG-26-45	4
Mining Supplies, Coal	MGS- 51-ENG " - 52-ENG " - 69-ENG " - 70-ENG " - 81-ENG " - 133-ENG " - 142-ENG " - 152-ENG " - 182-ENG	8 15 20 37
Sulphur	MGS - 73-ENG " - 74-ENG " - 75-ENG " - 80-ORD " - 131-ENG " - 168-ORD " - 174-ORD	6

185

Clothing; Shoes and Textiles
MGS- 92-QM
" - 93-QM
" - 101-QM
" - 127-ENG
" - 130-QM
" - 135-QM
" - 142-QM
" - 159-QM
" - 160-QM
" - 193-ENG
" - 212-QM
" - 213-QM
" - 214-QM

Agricultural Supplies

3
340
50
58
69
704

Supplies for Forestry

MGS- 128-ENG
" - ENG-26-45

4

Mining Supplies, Coal

MGS- 51-ENG
" - 52-ENG
" - 69-ENG
" - 70-ENG
" - 81-ENG
" - 133-ENG
" - 143-ENG
" - 155-ENG
" - 182-ENG

8
15
20
37

Sulphur

MGS - 73-ENG
" - 74-ENG
" - 75-ENG
" - 80-ORD
" - 131-ENG
" - 168-ORD
" - 174-ORD
" - 197-ENG
" - 148-SIG
" - 193-ENG
" - 196-SIG

6

55
52
54

Essential Industrial Production Supplies:

Chemical Industry

MGS- 57-QM
12-MISC-GEN-44
ACC-ENG-31-45

Hemp Industry

MGS- 87-QM

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Cont'd: Appendix B.

Commodity or Industry	Reference Number MGS or ACO	LAC Airgram Number
Textile Industry	MGS-144-QM	25
	" -183-QM	38
	" -202-QM	39
	" -203-QM	60
Cigarette Industry	MGS-205-ENG	62
Printing Industry	MGS-46-QM	330
	" -126-QM	
	" -139-QM	
	" -148-QM	29
Match Production	" -167-QM	
	MGS-137-QM	
Soap Production	MGS-89-QM	554
	" -186-QM	614
	" -192-QM	
Paper:		
	MGS-139-QM	330
	" -136-QM	
	" -148-QM	
Ration Card Paper	" -167-QM	
	MGS-129-QM	5
Paper for Banking	MGS-128-QM	34
	" -163-QM	24
	" -123-QM	2 & 31
Paper for School Books	MGS-124-QM	1
	" -209-QM	66
Export Trade (Lemon wrapping paper, etc.)		
	MGS-172-QM	383
	" -158-QM	26
	" -165-QM	71
Miscellaneous Supplies:	" -219-QM	107

Miscellaneous Supplies:

1.237

165-205-ENG

Cigarette Industry

330
29

MGS-46-QM
"-126-QM
"-130-QM
"-148-QM
"-167-QM

Match Production

MGS-137-QM

Soup Production

534
614

MGS-89-QM
"-186-QM
"-192-QM

Paper:

Newsprint

330

MGS-139-QM
"-128-QM
"-148-QM
"-167-QM

Ration Card Paper

5

MGS-129-QM

Paper for Banking

34
24
2 & 31

MGS-128-QM
"-163-QM
"-123-QM

Paper for School Books

1
66

MGS-124-QM
"-209-QM

Export Trade (Lemon Wrapping Paper, etc.)

383
20
71

MGS-172-QM
"-158-QM
"-165-QM
"-219-QM

Miscellaneous Supplies:

Flour Mills

AOC-ENG-33-45

Candles

65

MGS-208-QM

Paper Bags

209
12

MGS-121-QM
"-170-QM
"-156-QM

* An MGS number indicates that the requisition has been forwarded to Washington by AFHQ after screening. An AOC number indicates that AFHQ has either not yet completed its screening or has disapproved the requisition.

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Appendix C

TABLE 1. MAINLAND OF ITALY (1)
Estimated Import Subsistence Requirements
1 January to June 1945
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-North	97,000	150,000	159,000	159,000	159,000	159,000	882,000
Wheat-South	-	-	-	1,000	125,000	125,000	251,000
Total	97,000	150,000	159,000	160,000	284,000	284,000	1,133,000
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	43,560
Milk, dry, skim North	475	475	475	475	475	475	2,850
Milk, sec. South	3,520	3,520	3,520	3,520	3,520	3,520	21,120
Total	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegs. Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegs. Dried-So.	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,530	1,530	1,530	1,530	1,530	1,530	9,180
Total	3,360	3,360	3,360	3,360	3,360	3,360	20,160
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,185-198,185	185-198,185	185-198,185	185-198,185	185-323,185	185-323,185	1,368,110

(1) See Notes for basis of estimates

TABLE 2. SICILY and SARDINIA (1)
Estimated Import Subsistence Requirements
1 January to 30 June 1945
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-Sicily	-	5,000	29,000	29,000	29,000	29,000	121,000
Wheat-Sardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	13,000	37,000	37,000	37,000	37,000	169,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
							1,800

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Wheat-North	87,000	150,000	159,000	159,000	159,000	159,000	882,000
Wheat-South	-	-	1,000	125,000	125,000	125,000	251,000
Total	87,000	150,000	159,000	159,000	284,000	1133,000	
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	43,560
Milk, dry, skim	475	475	475	475	475	475	2,850
Milk, sec. South	3,520	3,520	3,520	3,520	3,520	3,520	21,120
Total	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegs. Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegs. Dried-S.	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,230	1,230	1,230	1,230	1,230	1,230	7,380
Total	3,060	3,060	3,060	3,060	3,060	3,060	18,360
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,185	198,185	198,185	198,185	323,185	323,185	1,368,110

(1) See Notes for basis of estimates

TABLE 2. SICILY and SARDINIA (1)
Estimated Import Subsistence Requirements
1 January to 30 June 1945
(Metric Tons - Net)

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
Wheat-Sicily	-	5,000	29,000	29,000	29,000	29,000	121,000
Wheat-Sardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	13,000	37,000	37,000	37,000	37,000	169,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
Sugar-Sardinia	300	300	300	300	300	300	1,800
Total	1,350	1,350	1,350	1,350	1,350	1,350	8,100
Vegs. Dried	325	325	325	325	325	325	1,950
Sardinia	9,675	14,675	38,675	38,675	38,675	38,675	179,050
Total							

(1) See Notes for basis of estimates

Cont'd: Appendix C.

Notes on Basis for Estimated Import Subsistence Requirements for Italian Mainland, Sicily and Sardinia 1 January to 30 June 1942

WHEAT Based on normal daily ration of 300 grams of bread (or the equivalent of 240 grams of flour) plus 125g for supplemental rations, with extraction rate for flour at 90% of wheat, population to be fed calculated at 75% for south of Pisa-Rimini line and at 80% for north thereof based on our experience in south and Italian experience in north and south. Of estimated harvest of 2,036,000 metric tons, it is assumed that 1,412,000 will be consumed during 1942 leaving 624,000 metric tons to reduce indicated imports during 1942. (See wheat requirements for Italy dated 7 August 1944 and amendment thereto dated 6 September 1944.)

SUGAR based on monthly ration of 250 grams for 100% of population and assuming that mainland north of Pisa-Rimini line will be able to supply 90% of its own requirements. No sugar plants south of P-R line are presently operable.

MILK Dry - Skim - based on daily requirements of 500 grams of fluid milk for children under two years of age and 250 grams for children 2 to 12 years of age, excluding children of milk producers. Fluid supply for non-producers estimated at 40% of 1942 supply as result of experience in liberated areas not unduly affected by enemy action. One part dry skim milk plus one part fluid milk plus eight parts water treated as substitute for 10 parts fluid milk although caloric value is substantially less.

VEGETABLES DRIED Mainland North of P-R line is based on feeding 80% of population 28 grams per day. Mainland south of P-R line is based on feeding 50% of population 28 grams per day. Sicily based on LAC 18 of 3 May 1944.

MEAT based on feeding 10% of population 28 grams per day and is for use primarily in large urban areas.

FATS based on feeding at least 50% of population north of P-R line 7 grams per day.

GENERAL REQUIREMENTS for mainland north of P-R line are subject to curtailment if conditions justify after enemy withdrawal.

APPENDIX "D"

TABLE A: ESSENTIAL MINERAL LABORATORY FERTILIZERS, PESTICIDES AND FLOW BINDERS REQUIREMENTS FOR ALL ILL (For Spring Use in 1945)

Compartments	Ammonium Nitrate	Marine of Pot.	Copper Sulphate	Copper Oxide-chloride	Zinc Phos.	Lead Ars.	Sol. Ars.	Dry- Lits	Tractors	Flows	Binders
Piemonte	15,500	7,500	4,480	1,135	-	45	1	6	110	50	50
Liguria	775	200	740	420	-	16	3	2	-	-	-
Lombardia	20,565	5,550	2,480	565	-	34	1	5	270	120	105
Venezia Tridentino	580	550	360	210	-	122	1	10	10	5	-
Veneto	11,245	3,450	3,000	320	-	65	2	9	170	130	30
Venezia Giulia e Zara	840	300	500	415	-	9	-	1	10	5	10
Emilia	16,130	1,600	3,420	635	0.5	99	13	14	320	150	40
Toscana	7,425	50	4,070	325	-	61	5	12	-	-	-
Marche	3,715	150	960	435	1.5	44	2	2	-	-	-
Umbria	1,760	150	750	415	-	17	-	2	-	-	-
Lazio	3,000	150	2,000	545	1.0	21	6	3	-	-	-
Abruzzi	2,470	50	1,030	440	-	17	-	2	(2)	(2)	(2)
Molise	210	-	-	-	-	-	-	-	-	-	-
Campania	7,115	350	2,670	335	1.0	104	4	15	750	500	1,000
Puglia	3,400	850	2,250	765	-	25	4	4	-	-	-
Basilicata	305	-	120	70	-	1	-	-	-	-	-
Calabria	1,500	50	230	125	-	3	-	1	-	-	-
Sicilia	5,425	150	460	520	-	16	2	3	-	-	-
Sardegna	250	-	130	325	-	2	1	1	-	-	-
TOTAL	104,310	22,000	36,000	7,000	4.0	700	50	100	1,160	960	1,240

(1) Item statements of requirements with necessary detail of specifications and justifications have been prepared and submitted through proper channels for requisition purposes.

(2) Total for Regions I to VII, inclusive.

100

APPENDIX #1

STAFF AND MILITARY PERSONNEL REQUIREMENTS, PARACITICUS DEFENSE AGENCY REQUIREMENTS FOR ALL TALLY (1)
(for Spring Use in 1945)

Ammonium Nitrate	Ureate of Pot.	Copper Sulfate	Copper Oxide-chloride	Zinc Phos.	Lead Ars.	Sed. Ars.	Cryo- lite	Tractors	Pumps	Binders	Halers	Cow- lines	Trailers
15,500	7,500	4,430	1,135	-	45	1	6	110	50	50	40	)	
775	200	710	420	-	16	3	2	-	-	-	-	)	
20,565	5,550	2,480	363	-	34	1	5	270	120	105	50	)	
600	650	860	210	-	122	1	18	10	5	-	-	)	Estimated basic
11,245	3,450	3,000	320	-	65	2	9	150	130	50	50	)	minimum initial
640	380	500	110	-	9	-	1	10	5	10	-	)	needs
16,100	4,800	3,420	633	0.5	99	13	14	320	190	45	100	)	
7,405	230	4,070	303	-	31	3	12						
3,715	150	960	433	1.5	14	2	2						
1,760	150	750	115	-	17	-	2						
3,300	150	2,030	573	1.0	21	6	5						
2,470	50	1,030	140	-	17	-	2						
210	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)
7,415	350	2,670	335	1.0	103	4	15	750	500	1,000	50	100	50
3,800	850	2,250	765	-	25	4	4						
300	-	120	70	-	1	-	-						
1,500	50	280	105	-	8	-	1						
1,420	730	460	520	-	16	2	3						
50	-	130	325	-	2	1	1						
24,310	22,200	36,000	7,000	4.0	700	50	100	1,160	560	1,240	290	100	90

From statements of requirements with necessary detail of specifications and justifications have been prepared and submitted through proper channels for requisition purposes.

Total for Regions I to VII, inclusive.

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Appendix II

HEADQUARTERS

ALLIED CONTROL COMMISSION

Public Works and Utilities Sub-Commission

APO 794

ACC/100/PWU

5 Aug. 1944

SUBJECT: Estimate of one year's reconstruction work.

TO : Vice President, Research Section.

1. Attached hereto is an estimate of war damage reconstruction program to cover the first year after the war.

2. The attached estimate is based upon known damage estimates of the first-aided line in Italy, Sicily and Germany. The estimate for possible work to be done in each of these areas is predicated upon the theory that only a portion of that work would be damaged to a similar extent as General Italy, whereas, generally speaking, the damage would be a relatively limited amount of damage.

3. The above estimate has been prepared in line using present reconstruction costs as a basis. These lines were then converted into dollars at the rate of 100 lire per dollar. Should the post-war rate of the lire be different a proportionate adjustment would have to be made in the dollar estimate presented herewith.

4. In discussion with officials of the Ministry of Public Works, who have been busy to time being furnishing us with some of the basic data, we have been given to understand that Italy plans to undertake a reconstruction program covering a period of several years. It is the opinion of the Ministry that electrical plants must be largely rehabilitated during the first and second years with the accompanying construction work during the first year. Therefore, machinery which must be imported for these plants, and for other conditions which will have to be made during the first year, are included in the first year program. Likewise, machinery to rehabilitate certain portions of the ports of Italy, essential for the rehabilitation of Italian industrial commerce, are also included in the first year's commitment program. Similarly, highway reconstruction equipment which must be brought over at an early date to enable Italy to rebuild its highways as well as highway equipment may be given a relatively free flow, has also been included in the first year's program.

5. We have not only made an estimate of the cost of anticipated work but we have also made a rough estimate of the possible cost to Italy of the war of local industries and materials in connection with this reconstruction program so as to obtain an overall picture of the total cost to Italy for this work.

6. It should be pointed out at this time that these estimates are based upon approximations and upon available data.

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TO : Vice President, Economic Section.

The attached estimate is a estimate of the amount of reconstruction work to be done in the first year of the plan.

The attached estimate is based upon the data available at the time of preparation. It is possible that the estimate for the first year of the plan is too low, but it is believed that the estimate for the first year of the plan is a reasonable one.

The work to be done in the first year of the plan is estimated to be 100 million rubles. This is based upon the data available at the time of preparation.

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L. A. JANNY
Lt. Colonel, C.E.
Director.

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Cont'd: Appendix E.

HEADQUARTERS
UNITED STATES CONTROL COMMISSION
Public Works and Utilities Sub-Commission
APO 394

APPROXIMATE ESTIMATE OF THE EXPENDITURE FOR THE REPAIR OF WAR
DAMAGES THROUGHOUT ITALY RELATIVE TO THE WORKS LISTED BELOW

	S. of P-R Line		N. of P-R Line		Total (Million \$'s)	
	Local Cost	Imports Cost	Local Cost	Imports Cost	Local Cost	Imports Cost
State Highways	6.45	2.20	4.85	1.50	11.30	3.70 (a)
State Hy Bridges	27.86	-	67.14	5.00	95.00	5.00 (b)
Other Highways	6.80	2.40	10.20	3.60	17.00	6.00 (c)
Other Hy Bridges	36.00	-	84.00	-	120.00	-
Buildings-Private	480.00	53.00	615.00	68.00	1095.00	121.00 (d)
Buildings-Public	65.70	7.30	85.95	9.55	151.65	16.85 (d)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (e)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00 (e)
Reclaimed Lands (Bonifiche)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40
Acceducts, Sewers & Cemeteries	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	36.00	153.00	76.00	302.00	114.00	455.00
Electrical-Switching Stas.	15.50	60.00	30.50	120.00	46.00	180.00
Electrical-Transmission	12.00	48.00	24.00	96.00	36.00	144.00
Total	729.51	331.70	1031.34	611.45	1760.85	943.15
Grand Total -	1051.21	1612.79			2704.00	

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APPENDIX "A"
 Industrial Outline of a Limited
 Rehabilitation Program for Italy
 (See Notes below)

MATERIALS REQUIRED									
LUMBER, CONCRETE, REINFORCEMENT									
No.	Item	Quantity	1,000 A. B.		1,000 Tons		Costs		Area
			Area 1	Area 2	Area 1	Area 2	Area N. 1	Area N. 2	
1	Sulfur	1	9	9	0.3	0.3	\$ 6,000	\$ 6,000	\$ 15
	Lead	2	10	10	10	10	200,000	200,000	22
	Zinc	2	14	14	2	2	40,000	40,000	22
	Iron	2	1	2	-	-	-	-	-
	Coal	1	15	30	0.4	0.8	3,000	16,000	5
2.	Wool	1	3	13	1	2	20,000	40,000	60
3	Wool	2	10	20	15	30	300,000	600,000	9,000
4	Wool	1	40	200	70	690	1,800,000	12,600,000	52
5	Wool	1	17	85	120	600	2,400,000	12,000,000	2,000
6	Wool	2	3	18	15	90	300,000	1,800,000	22
7	Wool	1	23	115	4	20	80,000	400,000	1,500
8	Wool	1	145	345	20	60	400,000	1,200,000	5,500
9	Wool	1	1	3	-	-	-	-	-
10	Wool	1	0.7	2.1	-	-	-	-	-
11	Wool	2	0.5	1	3.5	7	70,000	1,400,000	50
12	Wool	1	0.05	0.1	2	4	40,000	80,000	3,500
13	Carbon Disulfide	1	4	20	0.9	4.5	18,000	90,000	50
	Sulfuric Acid	1	9	45	0.5	2.5	10,000	50,000	2,500
	Sod. Carbonate	1	-	-	-	-	-	-	-
	Sod. Nitrate	1	0.9	4.5	0.5	2.5	10,000	50,000	300
	Sulfuric Acid	1	1.5	7.5	-	-	-	-	-
	Copper Sulfate	1	0.3	1.5	0.75	1.25	5,000	25,000	1,000
	Chemicals	2	2	25	5	25	100,000	500,000	500
14	Wool	2	2	25	2.5	12.5	10,000	50,000	200
	Area 1 Total		292		293		\$5,632,000		\$39,515
	Area 2 Total			1173		1504		\$39,087,000	
	Area 3 Total		292	1173	293	1504	\$5,632,000	\$39,087,000	\$39,515

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APPENDIX 1
 LABORATORY EQUIPMENT OF A LIMITED
 COMPARISON PROGRAM FOR HAZARD
 (See Table Below)

LABORATORY EQUIPMENT		LABORATORY EQUIPMENT		LABORATORY EQUIPMENT		LABORATORY EQUIPMENT		LABORATORY EQUIPMENT	
Required		Required		Required		Required		Required	
Area N. 1		Area N. 2		Area N. 1		Area N. 2		Area N. 1	
Area N. 1	Area N. 2	Area N. 1	Area N. 2	Area N. 1	Area N. 2	Area N. 1	Area N. 2	Area N. 1	Area N. 2
1	5	2	2.5	0.3	3	6,000	6,000	450,000	450,000
2	10	10	10	10	200,000	200,000	225,000	225,000	
2	10	14	2	2	40,000	40,000	225,000	225,000	
2	1	3	-	-	-	-	225,000	225,000	
1	15	30	0.4	0.8	3,000	15,000	50,000	100,000	
1	5	10	1	2	20,000	40,000	600,000	1,200,000	
2	10	20	15	30	300,000	600,000	6,000,000	12,000,000	
1	40	200	90	600	1,300,000	12,600,000	9,000,000	12,000,000	
1	17	65	120	600	2,400,000	12,000,000	520,000	3,640,000	
2	3	18	15	90	500,000	1,800,000	2,000,000	10,000,000	
1	23	115	4	20	80,000	400,000	220,000	1,320,000	
1	100	345	20	60	400,000	1,200,000	1,500,000	7,500,000	
1	1	3	-	-	-	-	5,500,000	15,500,000	
1	0.7	2.1	-	-	-	-	50,000	150,000	
2	0.5	1	3.5	7	70,000	1,400,000	25,000	75,000	
1	0.05	0.1	2	4	40,000	80,000	500,000	1,000,000	
1	4	20	0.5	4.5	10,000	90,000	3,500,000	7,000,000	
1	5	45	0.5	2.5	10,000	50,000	50,000	250,000	
1	-	-	-	-	-	-	2,500,000	12,500,000	
1	0.5	1.5	0.5	2.5	10,000	50,000	-	-	
1	1.5	7.5	-	-	-	-	300,000	1,500,000	
1	0.3	1.5	0.25	1.25	5,000	25,000	100,000	500,000	
2	5	25	5	25	10,000	50,000	1,000,000	5,000,000	
2	5	25	2.5	12.5	10,000	50,000	500,000	2,500,000	
292	1173	593	1534	1534	25,632,000	130,087,000	339,515,000	1,022,635,000	
292	1173	593	1534	1534	25,632,000	130,087,000	339,515,000	1,022,635,000	

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NOTES:

- (a) All Area - South of Terni - \$ 46,147,000 - 34,470 of
 (b) All of Italy - \$ 132,722,000 (Total
 These figures reflect our best estimate from observations
 and calculations of conditions as found South of Terni.
 (c) All cost figures represent quantities over a 6 months period.

CHIEF IMPORTS REQUIRED

ITEM #1	Explosives, cordite, accessories
" #2	Equipment & Misc. M.R.O. Mining supplies
" #3	Caustic Soda & Oils, M.R.O. & Equipment
" #4	Cellulose, new machines, Misc. M.R.O. supplies
" #5	Paper & Misc. M.R.O. & Equipment
" #6	New equipment as Motors transformers, etc. & Misc.
" #7	M.R.O. supplies
" #8	New Equipment as Motors transformers, etc. & Misc.
" #9	M.R.O. supplies
" #10	Raw Cotton, Reconstruction Machinery & Misc. M.R.O.
" #11	supplies
" #12	Reconstruction Equipment, M.R.O. supplies, phosphates
" #13	Rock & other chemicals
" #14	Machinery & M.R.O. supplies
" #15	M.R.O. supplies - new machines
" #16	New Equipment & M.R.O. supplies
" #17	New Equipment & M.R.O. supplies
" #18	Plant Reconstruction & M.R.O. supplies
" #19	Scrap copper & M.R.O. supplies.

Appendix C

MINIMUM REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL
 PRODUCTION, FISHERIES AND FORESTRY
 IN ALL OF ITALY UP TO JUNE 30, 1945

These requirements are over and above those already requisitioned
 and to be included in Category A (see Appendix "B").

	US Unit Value	South P-R Line	Total Value	
			North Italy	All Italy
<u>AGRICULTURE</u>				
Fertilizers, insecticides, etc.	30	\$ 750,000	\$ 750,000	\$1,500,000
20,000 tons Superphosphates	200		10,000	10,000
50 " Copper Carbonate	150		3,000	3,000
20 " Zinc Phosphate				
200 " Spray Oil (33%)	100	\$ 15,000	\$ 15,000	\$ 15,000
Ammonium Emulsion, Volcan type		\$ 750,000	\$ 750,000	\$1,500,000
<u>AGRICULTURAL MACHINERY</u>				
Tractors, tools, etc.				
1,100 tractors, 14 ton (or which				
1,110 steel wheels and 50 rubber				
wheels)				

\$ 1,000,000 \$ 300,000 \$ 500,000 \$1,150,000

- " #43 - Cellulose, new machines, Misc., M.R.O. supplies
- " #44 - Bags & Misc. M.R.O. & Equipment
- " #45 - New Equipment as Motors Transformers, etc. & Misc.
- " #46 - M.R.O. supplies
- " #46 - New Equipment as Motors Transformers, etc. & Misc.
- " #47 - M.R.O. supplies
- " #47 - Raw Cotton, Reconstruction Machinery & Misc. M.R.O. supplies
- " #48 - Reconstruction Equipment, M.R.O. supplies, phosphate rock & other chemicals
- " #49 - Machinery & M.R.O. supplies
- " #49 - M.R.O. supplies - new machines
- " #49 - New Equipment & M.R.O. supplies
- " #49 - New Equipment & M.R.O. supplies
- " #49 - Plant Reconstruction & M.R.O. supplies
- " #49 - Scrap copper & M.R.O. supplies

APPENDIX G

MINIMUM REQUIREMENTS OF SUPPLIES FOR AGRICULTURAL PRODUCTION, FISHERIES AND FORESTRY IN ALL OF ITALY AS TO JUNE 30, 1945

These requirements are over and above those already requisitioned and to be included in Category A. (see Appendix "H").

	QTY UNIT	South Value	North Value	Total Value	All Italy
<u>AGRICULTURE</u>					
Fertilizers, Insecticides, etc.	\$	30 \$ 750,000	\$ 750,000	\$1,500,000	
50,000 tons Superphosphates	200		10,000	10,000	
50 " Copper Carbonate	150		3,000	3,000	
20 " Zinc Phosphate					
200 " Spray Oil (33%)	100	15,000	5,000	20,000	
Ammonium Emulsion, Volck type)	\$	755,000	755,000	\$1,510,000	
<u>AGRICULTURAL MACHINERY</u>					
<u>Tractors, Tools, etc.</u>					
1,160 Tractors, 12 ton (or which	\$	360,000	300,000	\$1,160,000	
1,110 steel wheels and 50 rubber wheels)			100,000	100,000	
100 Combines	300	27,000	60,000	87,000	
200 Rollers (Belt driven, Etc.)	225		279,000	279,000	
1,240 Binders	150	44,000	100,000	144,000	
900 Plows					
50 Trailers (rubber wheels)	150	3,750	3,750	7,500	
		434,750	1,342,750	1,777,500	

(cont'd on page 17)

US West	South	Northeast
Value	P-2 Line	Italy
		Italy

Total Value	all
North	Italy
Italy	Italy

250	134,473	17,770
255	130,000	50,000
260	130,000	200,000
265	130,000	80,000

£5,000

150,000

[illegible]

NOTES

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188,750 337,500

123,000 250,000

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$$\begin{array}{r} 75,000 \\ - 45,750 \\ \hline 29,250 \end{array}$$

25,000	12,500	250,000
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20 units for installed 2000 and
2001 fishing vessels
(20 to 30 tons) for the
removal of 1000
current 2000 fish

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

102

150,000

100 thousands (for devoted
parts)
Spare parts for these 100
thousands
Total - agriculture

1,500 50,000 100,000 150,000
15,000 35,000 50,000
850,725 1,129,225 1,030,250
41,615,725 52,997,225 54,555,250

FISHING INDUSTRY

Motors
50 Marine Motors, Diesel
Internal Combustion
Reduction gear, 30 HP \$ 4,000 \$ 100,000 \$ 200,000
75 Marine Motors, Diesel
Internal Combustion
Reduction gear, 100 HP 4,500 168,750 337,500
25 Marine Motors, Diesel
Internal Combustion
With reduction gear
from 150 HP to 250 HP 10,000 125,000 250,000
100 Marine Motors, Diesel
Internal Combustion
Fast type, from 6 HP
to 30 HP 1,500 25,000 75,000
150,000 937,500

Manufacture of Manufacture Note

40 units to make spare
various size fishing nets
125,000 125,000 250,000

Production

20 units for installation on
new fishing vessels
(20 of 40 tons) for the
purveyor of sales
carrying fresh fish
125,000 125,000 250,000
402

Grand

2,500 tons for 240 canisters, size 200
" " " " 104)
" " " " 13)
Total - 5 canisters
75,000 75,000 150,000
41,615,725 52,997,225 54,555,250

FORESTRY

plants, plantations for forestry
are required to be sustained until
more specific needs in northern
Italy are known.
Grand total - AGRICULTURE,)
FISHING &) -
FORESTRY)

none
32,149,475 53,741,275 56,150,750

1253

SECRET

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

File
HCS
HSC
EWS/ajp

A/CC 091.3

29 August 1944

Subject: Italian Exports

To : Vice President,
Economic Section.

1. Reference attached:

a. Copy of letter G-5 Section, AFHQ (Spofford), dated
23 Aug 44, "Italian Export".

b. Copy Aide - Memoire I, "Principles by which the Allied
Control Commission should be Guided in Exercising Supervision and
Control over the Resuscitation of Italian Foreign Trade".

2. Copies of above references are being supplied Political
Section.

3. Above transmitted to Economic Section for appropriate co-
ordination and action.

4. Note G-5 Section's statement "... we feel that the
importance of the subject merits the start of work upon it as soon
as you conveniently can".

Stone.

2 Incls:
as in para 1 a & b above.

Hq ACC - Sec'y C
DISPATCH
Date: Imreg - AUG 1944
Via: <i>msg 1225</i>
Initials: <i>LS</i>

*Show to Mr. Halperin 31.8
+ copy of b) left.*

101

SECRET

1254

S E C R E T

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

OMS/GTD/jw

23 August 1944

SUBJECT: Italian Exports

TO : Headquarters, Allied Control Commission, APO 394
(Attn: Captain Ellery W. Stone, USNR)

1. On 9 August, as I have already written to you, the Economic Sub-Committee of the Political Committee met to consider your proposal for a Ministry of Commerce as well as several memoranda discussing various problems connected with Italy's foreign trade. One of these papers concerned the "Principles by which the Allied Control Commission should be guided in exercising supervision and control over the resuscitation of Italian foreign trade."

2. This memorandum, revised to record the Sub-Committee's action, is enclosed in two copies. You will note that certain action under points a, b and d lies with the ACC. The other action under points c and d, within the field of the Foreign Office and the Department of State, has been drawn to the attention of Mr. Macmillan and Mr. Murphy. While the program in question admittedly is of a relatively long-range character, we feel that the importance of the subject merits the start of work upon it as soon as you conveniently can. I understand that Mr. Wadleigh of the Staff of the Economic Section has had considerable experience in this field, and am told that he would be qualified to work on the problems concerned if he can be spared from other duties.

/s/ Charles M. Spofford
/t/ CHARLES M. SPOFFORD
Colonel, G. S. C.
Asst. Chief of Staff, G-5

Incls
as above.

100

(C O P Y)

S E C R E T

U.S. SECRET EQUALS BRITISH MOST SECRET

AIDE - MEMOIRE IPRINCIPLES BY WHICH THE ALLIED CONTROL
COMMISSION SHOULD BE GUIDED IN EXERCISING
SUPERVISION AND CONTROL OVER THE RESUSCITATION
OF ITALIAN FOREIGN TRADE

Foreign trade up to the present has played a moderately important part in the work of the ACC. A variety of items have been exported, amounting in total to about 50,000 tons, but commercial imports thus far have been negligible. The initiative for exports has come from two sources. On the one hand, goods have been asked for by Washington, London and the OFIN, after allocation by the CCS; on the other hand, surplusses available for export have been advised by the ACC through G-5 to the CCS, and in certain cases orders have subsequently been received for shipments to the U.S. or the U.K.

Apart from procuring goods ordered and offering obvious surplusses, the ACC has not made any particular effort to develop Italy's exports. The time, until now, had not come to do so. Shipping and port space could not be allocated for the carriage of any volume of goods not essential to the war effort; ACC lacked the personnel; and the Italian Government was not able to share responsibility for this work.

The time is now approaching when a broader view of Italy's foreign trade problem would appear to be called for, and a more positive attitude adopted. The Italian Government, in possession of its ministerial facilities in Rome, is now in a position to take an active part in export development and is anxious to do so. The impending infiltration of civilian personnel into ACC and the possible use of the UKCC and the USCC may be expected to provide more expert assistance in the foreign trade field. And steps are now being taken, or are under consideration, by ACC in the field of industrial rehabilitation which require the formulation of foreign trade policies and programs.

Furthermore, the nation's interest requires that it actively search for, and pursue, policies most conducive to the sound expansion of its exports. The ACC as the body controlling the Italian Government, cannot properly display a negative attitude in this matter. Nor is it in the interest of the U.S. and the U.K. that it should follow a negative policy. The first task of the Allies has been to keep Liberated Italy alive and as productive as possible so that it might provide a useful base for continuing operations. As the war draws to an end, however, it would seem that attention might advantageously be turned to the problem of how we may be able to bring relief to an end and get out.

Foreign trade is the core of this problem. Cotton, wheat, coal, oils, steel, copper and many other foodstuffs and raw materials, as well as semi-manufactured and manufactured goods, must always be imported to keep Italy's economy operating and its people fed. There is nothing unusual in this situation; the nation has always been heavily dependent on imports which have been paid for by the tourist business and by exports. Italy must export to live.

U.S. SECRET EQUALS BRITISH MOST SECRET

Unless Italy can export, relief will be needed indefinitely. Food and raw materials will always have to come from the United States and the British Empire; such imports cannot stop. But by helping Italy to rehabilitate its exports business and to reopen its foreign markets we can gradually place the country in a position where it can pay for those imports instead of having them supplied as at present. In other words the way to bring the Italian relief burden of the United States and the British Empire to an end is to rehabilitate not only the production of those goods now being imported, but also the host of industries and handcraft businesses which could produce for export.

Having considered this general problem, the Economic Sub-Committee of the Political Committee has approved the following four recommendations:

a. When the Italian Government shall have created the proposed Ministry of Commerce it will possess a body larger than required for the present limited export program. The Economic Sub-Committee has approved the recommendation that this organization as one of its first duties should be asked by the ACC to draw up a list of items, with f.o.b. lire prices, which could be made available for export in the relatively near future and whose production would require little rehabilitation and little or no imported supplies. This list will be submitted to Washington and London, and possibly to the CFLN and others, by G-5 AFHQ or by the Corporations if their functioning in this capacity shall have by then been authorized.

b. The Anti-Inflation Committee of the ACC has recommended the "development of those production, industrial and transport facilities which though not directly benefiting the war effort, indirectly do so by increasing production of essential consumer goods, checking inflation and contributing to the economic and political stability of the population in rear of fighting forces". In a country such as Italy where so large a part of the economy is based on foreign trade it is impossible adequately to carry out the task of rehabilitation without reference to the many industries and handcrafts which traditionally have manufactured for export. Accordingly, the Economic Sub-Committee has approved the recommendation that the ACC be requested to prepare a study in conjunction with the appropriate departments of the Italian Government, providing a scheduled program of industries which should be rehabilitated or developed for export. A study of this nature would also seem necessary in connection with the plan which it is understood that the ACC has proposed to the Italian Government for the establishment of an Industry Advisory Board and industry committees. The letter on this matter from ACC to the Minister stated: "It is suggested, therefore, that first consideration should be given to the following four categories of industrial activity: --- Thirdly, those industries whose products have traditionally been exportable or whose products under prevailing and post-war conditions are likely to find a ready sale in world markets".

c. Before the study suggested in the preceding paragraph can be carried to its conclusion, it will be necessary to form some estimate as to the conditions of European economic rehabilitation and the general framework in which foreign trade will take place. It is believed that considerations have been given to these problems by the governments in Washington and London for some time, and that they are among the subjects that are being or will be studied by the European Advisory Commission. The Economic Sub-Committee has approved a recommendation that steps be taken to obtain information and guidance on these matters for the benefit of the ACC in its formulation of policies and programs for Italy, and it has suggested that the question be referred by Mr.

U.S. SECRET EQUALS BRITISH MOST SECRET

Mackillan to the Foreign Office and by Mr. Murphy to the Department of State.

d. The progress that can be made by Italy in the field of economic rehabilitation will be limited, and effective planning will be difficult, so long as the basis of its commercial relations with the world's two largest commercial powers remains unsettled and indeterminate. The Economic Sub-Committee, therefore, has approved a recommendation that the ACC study the possible bases for commercial agreements with the United States and the United Kingdom. The Sub-Committee's thought was that this study should be initiated by the ACC, but that the Italian Government should be brought into it at an early stage and should be made responsible for the preparation of the basic material. It was further contemplated by the Sub-Committee that the ACC, at the appropriate time, might approach the American and British Governments with the request that conversations be initiated looking to the conclusion of commercial agreements, and it was suggested that this matter might be referred by Mr. Mackillan and Mr. Murphy to the Foreign Office and the Department of State for any comments they might wish to make.

1258

Cable

18 Feb 44

Geccia to Watkins:

Gorla should give more info
concerning ships with cotton from USA
for Italy put in at Canary Islands, and
which later left for Spanish Ports.
Is there cotton in Spain???, etc.

FILED: 505-Gorla, Brig

1259

Letter

18 Feb 44

Refer to Civ Aff:

Commercial Exchanges between Switzerland
and German-occupied Italy. Mr. Chiniger.
Furnas memo attached. (611)

FILED: 394/385.03

ALLIED FORCE HEADQUARTERS
CIVIL AFFAIRS OFFICE

December 1, 1943

To: Headquarters, Allied Control Commission, Brindisi
From: Civil Affairs Section, AFHQ

Would you please forward the following message:

Royal Italian Government from Magistrati No. 2026.

Fascist and German authorities continue attempts forward important quantities goods Germany via from Italy through Switzerland. To facilitate such traffic Fascist authorities come now endeavoring create difficulties for our customs agents who have remained loyal to His Majesty's Government. I am increasing cooperation with Swiss Government, Bern, to counteract this activity as much as possible. I am forwarding via Madrid embassy fuller details.

Golden Chain
Executive Officer

*440
C/11111 - Dir (Oct/Dec 1943)*

1261

785016

Please check file 1261 130
Review as per [unclear] 23/4

Office of the British Resident Minister
 at Allied Force Headquarters,
 5, Rue Professeur Cartillot,
 Algiers.

45/165/1500

19th April, 1944.

T/ean Klonck,

You may remember that the Italian Ministry of Foreign Affairs addressed a memorandum to the Allied Control Commission on February 7th (No. 611) about commercial exchanges between Switzerland and Northern Italy, suggesting that the British and U.S. representatives at Berne should be instructed to support the action which the Italian representative was taking with a view to confining these exchanges within as narrow limits as possible.

The Foreign Office, to whom we referred the matter, consulted the Ministry of Economic Warfare and I enclose a copy of the latter's letter in reply. This letter shows that the instructions which the Italian Government want us to send to Berne are already covered by existing arrangements and agreements and in the circumstances the Foreign Office do not think it necessary to send instructions to Berne on the lines suggested.

The suggestion was also referred by Mr. Murphy's office to Washington but apparently no comments have yet been received.

Yours,

15/4

A. Rumbold.

Pruned to Italy

H. A. Caccia, Esq.

SR

Apr 25/4

44

COPI

Ministry of Economic Warfare,
 Berkeley Square House,
 Berkeley Square, W.1.

T 28/9/2.

23rd March, 1944.

Dear Williams,

Thank you for your letter of 17th March (C 3110/443/43) and enclosures on the subject of Swiss relations with German occupied Italy.

There are two main points here. (A) Actual Trade. Here we are pretty well covered by the Anglo-American/Swiss Agreement of 19th December, one clause of which reads as follows:-

"The Swiss Government agree that they will confer with H.M. Government and the U.S. Government before arriving at any general agreement for the resumption of trade with Italy, and meanwhile will permit no export of goods listed in Annex 1 to Italian territory without the prior approval of the Mixed Commission."

[The goods listed in Annex 1 are arms and machinery of various descriptions].

Actually there has been some trade between Switzerland and Italy in recent months, but it is quite insignificant and the Swiss indicate that they do not see how there can be trade on any scale, at any rate at present while there is no Clearing arrangement.

(B) The export from Italy to Germany over Swiss railways of "loot". The Swiss, no doubt spurred on by our representations, have played up extremely well in this respect and have turned back many consignments of goods which presumably they had reason to regard as being in the nature of loot. I feel pretty confident also that they would refuse to transport labour in bulk, though I imagine they could not refuse facilities to individuals. We expect shortly to receive from the Swiss an outline of their policy in this respect.

There is a third point, and that is orders placed by Italy in Switzerland for arms, etc. Under our Agreement of 19th December these cannot be exported to Italy (see quotation above) and we are in close co-operation with the Italian Legation in Switzerland with a

view

1 2 6 3

view to seeing that these orders are not switched to Germany to our disadvantage.

On the whole I think we can say that up till now the Swiss have shown every willingness to co-operate with us.

Yours sincerely,

(Sd.) David Seebohm.

M. S. Williams, Esq.,
Foreign Office.

6/

R/R-

We better watch for a note from
the Fin. Off. & coordinate any reply
or action with Financial Etc.

Jug.

Action papers

Political Section

FINANC SUB-COMMISSION

BUCK SLIPDATE: 5⁶ 14

HEADQUARTERS

ALLIED CONTROL COMMISSION

FROM	TO
☒ Colonel A. P. Grefftey-Smith	
Colonel E. H. Foley, Jr.	
Colonel H. G. Crawshaw	
Lt. Col. S. E. V. Smith	
Lt. Col. A. F. Cross	
Lt. Col. A. H. F. Stephan	
Lt.-Comdr. J. J. Lawler, USCGR	
Major J. M. Ponick	
Major J. Osmen	
Major A. J. Baxter	
Major W. E. Price	
Capt. B. E. L. Timmons	
Capt. A. Kamarch	
Lieut. H. J. Tascas, USNR.	
Lieut. R. B. Eichholz, USNR.	
Lieut.(jg) J. E. Hicks, USCGR.	
SSM. R. H. Angibault	
<i>Political Sec</i>	☒
Economic Section	
Pool of Interpreters	
Message Centre	

FOR:

.... Recommendations & Remarks Necessary Action
 Information & Retention ☒ Perusal & Return
 Approval or Disapproval Filing
 Investigation & Report Despatch

REMARKS:

MINISTERO DELLE FINANZE



Salerno, 31 MAG 1944

N. 109560 200/V/2

Risposta alla lettera

N. del

OGGETTO

Snia Viscosa Company
Milano

TO THE ALLIED CONTROL COMMISSION
Finance Sub-commission

SALERNO

APPOS.	exp.
ELAB.	
SEV.	
Per. Sec.	

Referring to your letter number 13103 of the 26 april 1944, we informe you that by to day note, sent also to the Allied Control Commission, this Ministry has informed our foreign office of the sale of thousand tons machinery which the Snia Viscosa planned in favour of its associate Soc. Nacional Industries aplicaciones Cellulosa Española (S.N.I.A.C.E) in Spain.

While the studies for the enforcement of the projected bill are continuing, our foreign office will value the opportunity of taking care of the itelian interests through the diplomatic channels.

Should matters of that kind come to your knowledge, we would much appreciate your informations and suggestions about them, so that, as far as possible, we may make recourse to the convenient measures.

We thank you meanwhile for your informations concerning the Snia Viscosa which has proved very valuable to us.

THE MINISTER

Luigi Einaudi

Finance Sub-commission

SALERNO

APPS	exp.
EMD	
SEV. 3.	
Re. Sec.	

Snia Viscosa Company

Milano

OGGETTO

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While the studies for the enforcement of the projected bill are continuing, our foreign office will value the opportunity of taking care of the itelian interests through the diplomatic channels.

Should matters of that kind come to your knowledge, we would much appreciate your informations and suggestions about them, so that, as far as possible, we may make recourse to the convenient measures.

We thank you meanwhile for your informations concerning the Snia Viscosa which has proved very valuable to us.

THE MINISTER

Giust. Quintini

90

296

March 29, 1944.

TO: Military Government Section, AFHQ
 FROM: Civil Affairs, AFHQ
 SUBJECT: S.N.I.A. Viscosa, Milano.

The American Legation at Bern has reported that S.N.I.A. Viscosa Milano, according to a reliable source is preparing to send from its factories in Italy 1,000 tons of machinery to Sociedad Nacional Industrias Aplicaciones Celulosa Espanol (S.N.I.A.C.E.) of Spain. S.N.I.A.C.E., 25% of which is owned by S.N.I.A. Viscosa, according to an article of the Svenska Dagbladet of December 12, recently increased its share capital from ninety to 150 million pesetas. Spanish banks facilitated the issuance of the new shares.

The United States and United Kingdom Governments, it will be recalled, issued a joint statement on September 21, 1943, warning nationals of neutral countries who acquired or purported to acquire enemy owned assets in Italy, that such action would render them liable to all sanctions at the disposal of the two Governments. This announcement does not of course cover the present situation, but indicates the type of action which might be taken. It is the opinion of the Department of State that the most effective way of dealing with the matter, however, might be for the Italian Government to issue a decree (if it has not already done so) prohibiting the transfer by Italian companies of assets held abroad or the transfer of capital assets (including shares) in Italian enterprises to persons resident abroad. This action appears essential to implement the provisions of Art. 33 B of the long-term armistice.

The Department ..

- 2 -

The Department of State feels that this matter should be taken up with the Italian Government by the Control Commission with a view to obtaining suitable action as well as adequate publicity. Such action might be reinforced by an appropriate announcement by the American and British Governments. The Department of State would be grateful for the views and suggestions of the Control Commission in this connection.

The Department of State is in the meantime taking up this matter with the appropriate British authorities in London.

G. F. Reinhardt

Copies to: G-2, AFHQ
Office of British Resident Minister
Political Section, Allied Control Commission.

1270

Madrid
Telegram No. 107 of April 4th

Please inform the Minister for Finance on behalf of Commercial Commissioner Verrando that there is no possibility of supplying cigarette paper from Spain because of the scarcity of raw material. It might however be arranged if we could manage to supply Spain with hemp. Will you please let us know by telegram whether it would be possible in principle to deliver hemp at a Spanish port subject to the further consideration of other barter particulars (sic).

CHH

13 APR. 1944

SPEDITE

1271

Office of the British Resident
Minister at Allied Force H.Q.,
5, Rue Professeur Curtillet,
Algiers.

24/157/0

To: Political Section, A.C.C.

From: British Resident Minister's
Office.

We enclose three paraphrased copies
of telegram No.107 of April 4th from the
Italian Ambassador in Madrid for
communication to the Italian Ministry for
Foreign Affairs.

AR

12th April, 1944.

Copy to: Mr. Murphy's Office
M.G.S.
G-2.

1272

PARAPHRASE

TELEGRAM No. 97, FROM ITALIAN LEGATION, BERNE
DATED APRIL 6, 1944, FOR ITALIAN FOREIGN OFFICE
SIGNED MAGISTRATI

CONFIDENTIAL

Reference to your No. 59.

The Swiss Government is continuing to restrain railroad traffic from Northern Italy to Germany increasingly at the request of this Legation and the Missions of our co-belligerents. The situation is being watched closely by this Legation, and good results continue. Such traffic has decreased to 15,000 tons of steel and iron and 800 tons of textiles and shoes, it is indicated by official statistics for March.

04/4

(Signature)

15 APR 1944

ESPEDITO

83

1 2 7 3

Declassified E.O. 12356 Section 3.3/NND No. 785016

Message 52

4 Mar 44

Traffic between German and N. Italy
via Switzerland. Swiss action, etc.

FILED: 394

86

1274

Message 12

6 Feb 44

Radio to Berne:

Follow closely Italo-swiss traffic
to Germany.. Watch Chiniger and report all
developments--approach Swiss Gov't.

FILED: 394/385

440

1275

Declassified E.O. 12356 Section 3.3/NND No. 785016

Message 59

11 March 1944

Berne to Prunas:

Slowing down in traffic shipments
from North Italy to Germany via Switzerland.

FILED: 394

1276

January 31, 1944

TO: Brigadier Gueterbock,
c/o Political Section,
Headquarters Allied Military Government,
Naples

SUBJECT: Magistrati's No. 17 for Royal Italian Government.

Please transmit to the Royal Italian Ministry of
Foreign Affairs the following paraphrase of telegram
No. 17 from Magistrati.

"From January noteworthy diminution indicated
in railway traffic figure, especially for iron
materials, from Italy to Germany through Switzerland.
Decrease of stocks as well as interruptions of
railway transportation in Italy may be cause for
this favorable development. Am keeping this matter
under constant attention and taking appropriate
steps with Swiss authorities together with
Legations of co-belligerent countries here."

440

H. J. L'Heureux
Acting Chief Civil Administrator

1277