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Purchaser By P
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Purchased By French, Yugoslav, etc. Troops In Italy
Oct - Dec 1944

ES/11.07
Ext. 271Economic Sec.
A.C.M/mem
December 28th, 1944*Att*
~~SECRET~~

SUBJECT: Purchase of Italian Local resources
by French and Yugoslavs.

TO: Political Section

1. On December 7th the Economic Section directed an inquiry to AFHQ as to when some response might be expected to earlier ES/letter of October 13th on the above subject.

2. AFHQ replied by letter of December 15th, from which the following is quoted:

"The whole matter of these purchases is at present under investigation by the Provost Marshal General in order to obtain direct evidence from an Allied source of the transactions referred to.

"The matter will be dealt with as soon as the PMG report is received".

3. Unless otherwise requested by you, we shall await AFHQ's further advices before taking any action.

R.D. Nash, Maj
R.D. NASH, Major
Special Assistant to
ADCOE, ECONOMIC SECTION

20.12.28

I think we can only wait

MS. Dec. 28.

2562

MINUTE ON PAPER

Oct 15

29. 11. 62 -
A hawk
has been captured
in French & English
countries since
coming along
with us. It was
a bird of prey
with long wings
and long tail.
It has been
seen in
France & England
as well as
in Germany
and France.
It has been
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and France.
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24. 11. 99.
Ditch grass on back road to tree is
white & white - yellow
also agree with Mrs. Montague
lives on
back no particular
visits frequent
M. F. A.

62561 - 1000 - 30. X. Greenwich weather

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44-7112

H.C

Have you any
comments?

Mr. Hastings Attorney
~~for~~ Nov. 24

✓
28/1

CONFIDENTIALHEADQUARTERS ALLIED COMMISSION
PRO 294
ECONOMIC SECTION

TMI/nm

1197/ES/7

20 Nov 44

SUBJECT: Purchases in Italy by the French and Magyar
Petroleum.TO : Vice President Political Section (US).
Vice President Political Section (Fr.). ✓1. Reference to your intercept memorandum dated
November 18th.2. Considerably more attention is given to the aspects of
the activities of the French and Magyar agencies who are
buying coal in Italy for export to their home countries.

- (a) The removal of coal from Italy when there is a
grave shortage of practically every article and
commodity in the national economy and the possible
detrimental effect of necessitating such removal
by intercept in Allied ships from US/UK sources.
 - (b) The unconstitutional scrupulosity of trying to make
such an "occupational" currency, without a
prior declaration by the author in his interpretation
of the neutrals' home countries to credit
Italy in any way with their own currency equiv-
alent of the lire used for the trade in Italy or
back home. If there is no such intention these **activities**
deserve, in the more favorable interpretation,
punishment without sanction of a Peace
Treaty, or, in the worse interpretation, loss
of the rights of war as claimed by Germany on
the basis made and conceded in the form of the
Allied Nations.
3. As to the first of basic factors, it cannot be
emphasized too strongly that Italy's internal economy is in a
deplorable state. The country is woefully short of the basic neces-
sities.

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物理实验手册

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overtake under the supervision of AC. Until this control is established and the policies guiding its operations have been agreed among the Allied Nations and Italy it is most uncertain that any of the Allied Nations should pursue any unilateral course affecting Italy's foreign exchange position without prior consultation with the other Allies, save in this connection to our memorandum of 16 November on Franco Negotiations with Sweden.

In the view of the Economic Section, France and Yugoslavia Directors should be invited to take the following actions:

- (a) State their intention to credit Italy with the Franc or other equivalent of the Lira used to purchase supplies in Italy and the use to which such credit is to be put.
- (b) Defer to the Italian Government a list of all supplies already purchased and accepted or held ready for export, showing the Lira value ratio.
- (c) Set out their future requirements to AC in the first instance.
- (d) Agree with the Italian Government and AC a scheme of reviewing all future export transactions of the type referred to above.

8. In connection with this subject you are referred to the attached copy of memorandum forwarded to G.S. AMF. If you know what action has been taken on the recommendations in this memorandum.

I enclose copy of 12 Oct 44

distillation

Commerce S/C
Finance S/C
Industry S/C
Agriculture S/C
A.M.F., A.M.C. (Trig. Curry)
R.D., R.M.C.

Branson
Acting Deputy Chief of Staff,
Economic Section.

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2558

RECORDED IN
ALLIED CONTROL COMMISSION
FOR ITALY
SUBDIVISION
COMMERCIAL SECTION

S.R./AMU

16 October 1946

LCC/SDJ/CDR/PCT

SUBJ CT: LOCAL RESOURCES - French Purchases

TO : 1. AMU G-5.

1. The Commerce Sub-Commission, HQ, A.C.C., has received reports of current purchases by French forces in Italian charcoals for export. These reports have been collated and checked to available info. The results of which are attached and for record here. It is believed, the source of info is from the station of N.Y. the service of which is given as station of N.Y.

2. All the exports of L.C.C. have been diverted to the Allies. The Italian government is responsible for their industrial industry, but it is felt that the D.M.I. is of the country's intention to keep its industrial ability on the part of force a secret, though those are very little.

3. Reports have come in the nature of the same Appendix A giving details the except of certain items and our information has been collated by the Italian Government (See Appendix B) based on the report to the Central Bureau of Economic Information met this based on the part of Italian Forces.

4. Most of the items under review are either on the controlled or restricted list of Allied Forces and the items 34-40 and therefore subject to the restrictions laid down in R.A.I. Administrative Directive Instruction No. 8 to the effect that all the goods for exportation will first be referred to Local Resources Section, now, A.C.C. - A.P.D. or

5. It is therefore commanded that the French authorities be directed:

a. to follow the regular channels for receiving and exportation of controlled and restricted materials.

b. that no further exports of non-controlled or non-restricted materials should be made without the approval of A.C.C. Foreign Trade Division.

785016

On the declaration made by him as aforesaid, record-
ed in the margin of the original copy of the instrument, and
for record.

For the Beijing Child Committee

John H. Gaskins
George E. Rutherford

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ALLIED CONTROL COMMISSION
INTER-OFFICE MEMORANDUM
Political Section

FILE NO. 820.11

SUBJECT: Purchases of local resources by
the French and Yugoslavs.

2 December 1944

TO : Colonel L. D. Denhamore
Econ. Economic Section.

1. With reference to item 4 of the minutes of yesterday's Chiefs of Staff meeting about purchases of local resources by the French and Yugoslavia, the Chief Commissioner decided that it would be preferable not to raise the matter at the Advisory Council Meeting, but to take it up direct with the two parties concerned.

2. The attached Italian Ministry of Foreign Affairs memorandum contains further information on the subject in addition to that which has already been furnished to you. I should be glad of Economic Section's views as to the lines of a letter from the Chief Commissioner to, I suppose, General de Sevin and to Mr. Snodlake, respectively. In particular, I should like to know whether you recommend the inclusion of detailed facts and figures which would in that case have to be very carefully checked, or whether you think that a statement on quite general lines would be preferable. I sent up to Mr. Attoolini the other day some further material obtained from secret sources on the subject.

1 Enccl. Doc No. 6/1109/463
dd 27/12/44.

H. H. D'A. ROBINSON
Acting Vice President, Political Section

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Ministero degli Affari Esteri

Mr. 6/1109/1948

MEMORANDUM FOR THE POLITICAL SECTION, A.C.

The Ministry for Foreign Affairs feel themselves compelled to draw again the A.C.'s kind attention on the question of the purchases carried out on the Italian market by French servicemen and by the Yugoslav Partisan Committees. These purchases render the competent Italian authorities very uneasy about the prejudice they may cause to Italian economy.

The question has already been submitted to the A.C. with Mem. n° 6/965/409 of October the 5th. *Answered!*

Pending an answer on the subject, the Ministry for Foreign Affairs wish to acquaint the Allied Authorities with the further informations which have reached them in these days.

In Rome, a so-called "Società Franco-Algerina" has been constituted in order to purchase motor-cars, motor-lorries, machinery and sundry goods that were sent to Naples and subsequently shipped to Algiers.

There is reason to believe that this Company is the same as the "Section technique de la Larine" whose officers are located at Rome, Palazzo Vidoni, and are managed by a Captain of the French Army in Italy, Mr. MILIS, with the help of some other French officers, billeted at the Plaza Hôtel, and of a few Italians.

The Company has in Rome three deposits, located respectively in:

- 1) - Corso Vittorio Emanuele 259 (premises of the former Sains Comp.)
- 2) - Quartier Bayard (former barracks of the 81st Infantry Regt.)

Ministero degli Affari Esteri

- 3 -

3) - Via Silvio Spaventa n° 15 (in the garage requisitioned to Signor Antonio Ceroni)

In this latter premises there also work Captain Haunus, Lt. Lenoir and a N.C.C. of the French Army.

The three deposits collect sundry goods, such as: motor-cars, automobile motors, Diesel motors, machinery, electric material, nickel, chrome, zinc, tin, masonite, cloth. The goods are purchased without ascertaining the personal identity of the other party and regardless of their more or less lawful origin. The buyers do not haggle over the price so as to entice the speculators to bring as much as possible; suffice it to say that a few days ago stuffs for 98 million lire's worth were unloaded solely in the barracks of the 21st Infantry.

The deposit in Corso Vittorio Emanuele 259 is full of sundry material.

In the one in Via Silvio Spaventa there are great quantities of metals, electric material, stuffs, sundry machinery and motor-cars of all types. In the first days of the month two small lorries full of electric wire and two large ones full of electric stoves were unloaded in that deposit. Nearly every day all this material is dispatched to Naples where it is collected in ten other deposits and subsequently shipped to Algiers, Tunis and French Morocco.

This foreign organisation intends to create new offices in Bolgna and other places, as they are occupied by 2553 allied troops.

The Italian Authorities are firmly resolved to enforce all necessary measures with a view to crushing, as regards the Italo-German elements, this illicit trade that renders even more scarce

.1.

Ministero degli Affari Esteri

- 3 -

those goods that are so indispensable to the civilian population.

The possible action of the Italian Government, however, must of necessity be extremely limited owing to the fact that it is solely confined to the Italians, and it would certainly fail should not be rendered effective through a forceful intervention of the Allied Commission who alone can act in regard to those organisations that have originated in the framework of the French and Jugoslav forces in Italy.

There is no need to emphasize the very grave injury caused to Italian economy by this haphazard forestalling of goods.

Italy is at present so wanting in all indispensable goods that this forestalling would be of great prejudice should it even be balanced by credits or imports from abroad.

If one now considers that it is only balanced by the occupation-currency used in payment, the great injury caused by this state of affairs can be easily appreciated. The very substance of the scant national wealth which has been left us is in this way abstracted, on the very eve of a winter which threatens to be particularly hard for the Italian people.

The Italian Government have no means, except for the police, to prevent these grave facts, as it is extremely difficult to prevent goods or motor-vehicles belonging to armed units from leaving the country.

The ministry for Foreign Affairs are therefore compelled to again request the A.C. to urgently take all necessary steps with a view to checking a traffic so prejudicial to Italy. They furthermore trust that this intervention will be carried out with all possible efficiency and energy, not only in the interest of the Italian population but also in that of the Allies.

.//.

Ministero degli Affari Esteri

- 4 -

who, desirous as they are of providing to the more urgent necessities of the Italian population, will have to increase their imports in that measure in which the Italian market is deprived of its few existing resources.

The Ministry for Foreign Affairs will be grateful for those steps that the A.C., in agreement with the Italian Authorities, will see fit to take in the matter. *Lentini*

Rome, November 27th 1944



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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

WT/hs

1107/ES/7

20 Nov 44

SUBJECT: Purchases in Italy by the French and Yugoslav
Patriots.

TO : Vice President Political Section (US).
Vice President Political Section (Br.).

1. Reference is your interoffice memorandum dated
6 November 1944.

2. Economically there are two important aspects of
the activities of the French and Yugoslav agencies who are
buying goods in Italy for export to their home countries.

(a) The removal of goods from Italy when there is a
grave shortage of practically every article and
commodity in her normal economy and the possible
consequential effect of necessitating replacement
by importation in Allied ships from US/UK sources.

(b) The questionable morality of paying for such
goods with "occupational" currency, without a
prior declaration as to whether it is the inten-
tion of the agencies' home countries to credit
Italy in any way with their own currency equiv-
alent of the lire used for the purchase in Italy of
these goods. If there is no such intention these *activities*
become, in the more favorable interpretation,
"reparation payments" without sanction of a Peace
Treaty, or, in the worse interpretation, looting
of the refined order practiced by Germany on a
large scale and condemned in the press of the
Allied Nations.

3. As to the first of these factors, it cannot be
stressed too strongly that Italy's internal economy is in a
grave state. The country is woefully short of the basic neces-

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sities of the people; the means of producing them and transporting them are mostly in ruins; and the quantities she can import are limited, by the combined effect of her weak foreign exchange position and the strained supply and shipping resources of the Allies, to essential "first-aid" items. Such supplies as there are in the country must therefore be used to the best possible advantage, first in the prosecution of the war, either directly or in the relief of the Allied supply or transportation problems, and then in relief of the ruined economy of Italy itself. The Allied Forces Local Resources (Italian) Board was set up for the purpose of controlling certain items of supply, including most of those purchased by the agencies under review. The French Forces and the Yugoslav Mission should make representations to the Allied Commission in the first instance in cases where they wish to deplete Italian local resources; AC will then take the matter up with the AFLR Board.

4. With regard to the second factor, it is clear that the French are paying for these supplies from lire funds drawn by the French Army Paymasters from Allied Financial Agency. There is, however, no means of controlling or limiting the sums drawn by the Paymasters unless, of course, the sums demanded were manifestly absurd. The Yugoslavs in Italy draw funds from the same source for the expenses of two bodies, the Yugoslav Mission and the Delegation to the Advisory Council for Italy. AFA records disclose drawings of only approximately 6-1/2 million lire, which contrasts with the 36 million lire believed by the Minister for Foreign Affairs to have been paid for one purchase alone in Rome. Further inquiries are being made in this connection by the Finance Sub-Commission.

5. If it is not the intention of the French or the Yugoslavs to set up the required recording machinery to credit Italy (on whatever terms) with francs or dinars equivalent to the lire used for these purchases the transactions must be considered either as anticipating the terms of the Peace Treaty or as plain looting.

6. If, on the other hand, France and Yugoslavia desire to place these transactions on a legal footing they should be informed that Italy's foreign exchange position is such that the Italian Government will soon be compelled by circumstances to set up a Foreign Exchange Agency which shall

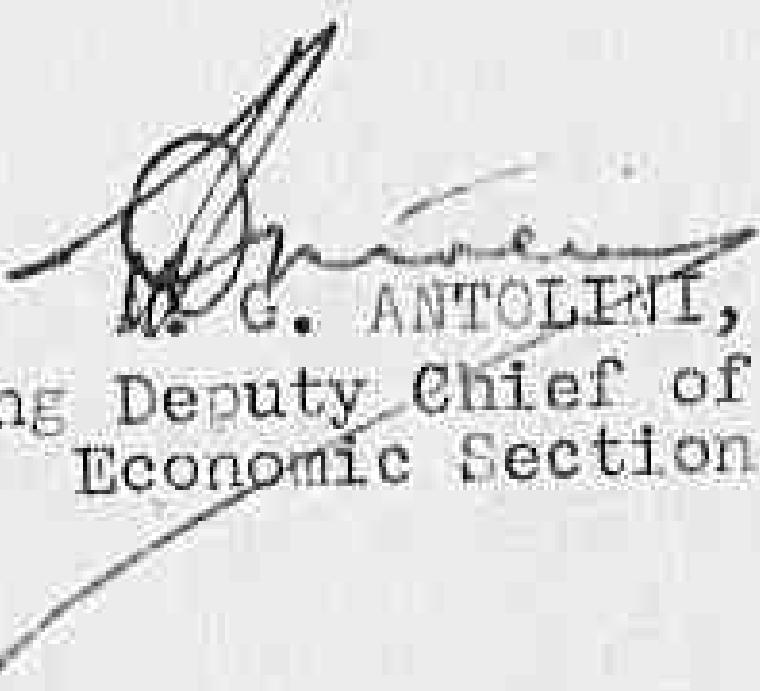
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operate under the supervision of AC. Until this control is established and the policies guiding its operations have been agreed among the Allied Nations and Italy it is most undesirable that any of the Allied Nations should pursue any unilateral course affecting Italy's foreign exchange position without prior consultation with the other Allies. Refer in this connection to our memorandum of 13 November on Trade Negotiations with Sweden.

7. In the view of the Economic Section, France and the Yugoslav Mission should be invited to take the following action:

- (a) State their intention to credit Italy with the franc or dinar equivalent of the lire used to purchase supplies in Italy and the use to which such credit is to be put.
- (b) Declare to the Italian Government a list of all supplies already purchased and exported or held ready for export, showing the lire prices paid.
- (c) Submit their future requirements to AC in the first instance.
- (d) Agree with the Italian Government and AC a means of reviewing all future export transactions of the type referred to above.

8. In connection with this subject you are referred to the attached copy of memorandum forwarded to G-5 AFHQ. We do not yet know what action has been taken on the recommendations in this memorandum.


M. G. ANTOLETTI,
Acting Deputy Chief of Staff,

Economic Section.

1 Incl: cy ltr 18 Oct 44

Distribution:

Commerce S/C
Finance S/C
Industry S/C
Agriculture S/C
AFLRS AFHQ (Brig. Curry)
G-5, AFHQ.

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COPY

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
ECONOMIC SECTION

FMR/amm

ACC/5004/COMMERCE

18 October 1944

SUBJECT: Local Resources- French Purchases.-

TO : AFHQ G-5.

1. The Commerce Sub-Commission, HQ, ACC, has received reports of direct purchases by French agencies of Italian commodities for export. These reports have been collated and checked to a limited extent, the results of which are attached and forwarded herewith for the purpose of bringing them to attention of AFHQ.

2. All the efforts of A.C.C. have been directed toward aiding the Italian Government to rehabilitate their essential industries, but it is felt that the stripping of the country's limited resources by indiscriminate buying on the part of foreign agents renders these efforts futile.

3. Protests have appeared in the public press (see Appendix A page 4) against the export of metallic scrap and our attention has been called by the Italian Government (see Appendix A pages 5 and 6) to the purchasing of various materials and metallic scrap on the part of French Forces.

4. Most of the items under review are either on the controlled or restricted list of Allied Forces local Resources Board and therefore subject to the restrictions laid down in A.A.I. Administrative Instructions No. 8 to the effect that all proposals for exportation will first be referred to Local Resources Section, now, A.F.L.R.S. - A.F.H.Q.

5. It is therefore recommended that the French Authorities be directed:

a. to follow the regular channels for procurement and exportation of controlled and restricted materials.

b. that no further export of non-controlled or non-restricted materials should be made without the approval of A.C.C. Foreign Trade Division

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C O P Y

c. to declare all stocks of Italian goods purchased, accumulated, and now stored in warehouses in Italy to A.F.L.R.S.- AFHQ., for appropriate disposal.

For the Acting Chief Commissioner.

A.G. ANTOLINI
Acting Head
Economic Section

4 Incl:

- I Appendix A. 6 pages
- I " B. 2 "
- I " C. 6 p "
- I " D. 1 "

Copy to:

A.F.L.R.S. AFHQ.
COMMERCE Sub/Commission
INDUSTRY Sub/Commission

2546

ALLIED CONTROL COMMISSION
INTER-OFFICE MEMORANDUM*File 421.1*

Political Section

SUBJECT: Purchases in Italy by Yugoslav
Partisans
TO : Economic Section

FILE No.

3 November 1944

- 421.1
1. This appears to be a very delicate matter. One probably to be decided on a higher level.
 2. Will you be so good as to forward to the Political Section your views before we proceed further on the matter?

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WILLIAM W. SCHOTT
Vice President, Political Section

1 Enclosure Memo No. 6/965/409 dtd 6 Nov 44.

R. MINISTERO
DEGLI
AFFARI ESTERI

M. 6/965/400

MEMORANDUM FOR THE POLITICAL SECTION, A.C.

The Ministry of Foreign Affairs has learnt from a reliable source that since last October the Yugoslav Partisans Committees are purchasing considerable quantities of goods on the Italian markets (motor-fishing vessels, tools, machinery, stationery, glass and china wear, table linen. From the firm Greco, of Rome, alone, tools and machinery have been purchased for a value of 36 million lire which appears to have been paid in occupation lire). It appears that it is in the intention of the Yugoslavs to continue to purchase in Italy all the supplies necessary to Tito's army, except of course, the Allied supplies of arms and foodstuffs.

On the other hand, it has been pointed out by a reliable source, that a complex organization is being created in Rome, headed by French military elements, for the purchase of lorries, spare parts, tyres, textiles and sanitary material, which are being forwarded to France. The prices offered for these goods appear to be extremely high (for a lorry the price offered has been as high as 1,800,000 lire and up to the present 300 appear to have been purchased.)

The Italian competent authorities are obviously concerned by these mass purchases, that show the existence of a pre-arranged program, to which perhaps French and Jugoslav authorities are not foreign, and which represent a nett loss to Italian economy inasmuch as on the one hand they represent a decrease in available goods in Italy, and on the other an increase in the fiduciary circulation. Should these purchases be intensified a considerable scarcity of these goods would undoubtedly be registered on the Italian market, already impoverished by the purchases and arbitrary requisitions effected by the Germans.

It is to be added that the vast use of occupation lire made, sometimes in new notes, for the payment of these goods, is worthy of a special inquiry as to the origin or these occupa-

The Ministry of Foreign Affairs has learnt from a reliable source that since last October the Yugoslav Partisans Committees are purchasing considerable quantities of goods on the Italian markets (motor-transport vessels, tools, machinery, stationery, glass and china wear, table linen). From the firm Greco, of Rome, alone, tools and machinery have been purchased for a value of 30 million lire which appears to have been paid in occupation lire. It appears that it is in the intention of the Yugoslavs to continue to purchase in Italy all the supplies necessary to Tito's army, except of course, the Allied supplies of arms and foodstuffs.

On the other hand, it has been pointed out by a reliable source, that a complex organization is being created in Rome, headed by French military elements, for the purchase of lorries, spare parts, tyres, textiles and sanitary material, which are being forwarded to France. The prices offered for these goods appear to be extremely high (for a lorry the price offered has been as high as 1,800,000 lire and up to the present 300 appear to have been purchased.)

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It is to be added that the vast use of occupation lire made, sometimes in new notes, for the payment of these goods, is worthy of a special inquiry as to the origin of these occupation lire for such vast scale disbursements.

The Ministry of Foreign Affairs, in drawing the attention of the Political Section, A.C. on the above facts, regarding

R. MINISTERO
DEGLI
AFFARI ESTERI

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which the Ministry, if necessary, is prepared to furnish ample documentation, is confident that the Allied Commission will not fail to take the necessary measures in order to prevent and, if necessary, to stop such a state of things. It appears also evident that these purchases besides deeply disturbing the Italian market, contribute to aggravate the crisis in goods and transportation that the Allied authorities have repeatedly stated must be eased.

In this connection, it might be advisable for the Commission, which has means and opportunities at its disposal, to institute a suitable supervision in the localities where the purchases are being made, as well as at the customs and ports when the departure of French or Jugoslav units and means take place in order to watch that goods necessary to Italian economy might not be indiscriminately exported. Owing to the fact that the Italian authorities are in the impossibility of exercising any control when such exports are effected by military transport, the Allied Commission could usefully arrange that this control be exercised particularly when transfers of troops and relevant services take place.



ROMA, 6th November, 1944.

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