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

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MILITARY & CIVIL AFF
SEPT. 1945 - NOV. 194

0947

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

785015

10000/136/73

MILITARY & CIVIL AFFAIRS AGREEMENT WITH ITALY
SEPT. 1945 - NOV. 1946

0948

Q. M. C. Form 353 (Old No. 400)
Revised July 20, 1948

LIST OF PAPERS

102-2/CC

Office of the
Chief CommissionerFile under No. 102-2 MILITARY & CIVIL AFFAIRS AGREEMENTS
WITH ITALY

ALLIED COMMISSION

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
13	Memo 635/26/EC CC	5 Mar 46		AGENDA fr conf No. 4 and paper P/326 (Final) of 26 Feb 46
14	Memo		CC	Revised Brit Draft of Civ Affs Agmt
15	Memo			Proposed organ of AC & G-5 Sect Rome under FAN 650
15a	Ltr Hamblen	14 Jun 46	CC	Transmtl US/It Mil & Civ Affs Agmt
15b	Ltr Stone	14 Jun 46	Key and Charles	Frwdng US/It Mil & Civ Affs Agmt
15c	Cbl 3686 Stone	14 Jun 46	MFOUSA G-5	Transmtl US/It Mil & Civ Affs Agmt
16	Paper P/329 Final	15 Jun 46	CC	Brit & US Civ Affs Agmt, ANALYSIS OF FINAL DRAFTS
17	Cbl 3739 HQ AC	17 Jun 46	AFHQ G-5	"UNITA" Report of Brit Civ Affs Agreement
18	Cbl 3740 HQ AC	17 Jun 46	CONGENMED	Request that US agreements be declassified as SECRET documents
19	Cbl 3767 HQ AC	19 Jun 46	CONGENMED	Correction to cbl 3740
19a	Cbl FA 67940	19 Jun 46	Agwar	Request fr USSR Rep on AC to see US Mil & CA Agmt, Brit - It Agmt
20	Cbl 3802 Stone	20 Jun 46	AFHQ	Request that clauses be inserted in Armistice Agmt to prov fr reqn of prop fr US Mil dependents
21	Cbl 3819 Stone	21 Jun 46	MFOUSA	Request fr instcts re para 6B of of US Civ Affs Agmt
21a	Cbl F 68035 SACM	21 Jun 46	AC	Showing of US Mil & Civ Affs Agmt to USSR Rep to AC
22	Cbl F 68128 SACM	22 Jun 46	AC	Reqn of prop fr US Mil Dependents
22a	Memo Charles	22 Jun 46	CC	Insertion of coordination clause in Civ Affs Agmts; US-UK-ITALY
23	Cbl FA 68159 SACM	23 Jun 46	Agwar	Request fr instcts re US Mil & Civ Affs Agmt

INSTRUCTIONS.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

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Office of the
Chief Commissioner

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SERIAL NUMBER	FROM --	DATE	TO --	SYNOPSIS
1	Cbl Troopers, 74075 CA(B)	15 Sep 45	AFHQ	Draft UK-Italy Mil & CA Agreement, being submitted Foreign Ministers.
2	Cbl Troopers, 74076 CA(B)	15 Sep 45	AFHQ	Draft UK-Italy mil & CA agreement, Text of.
+ 3	AFHQ MJPS P/312 (Final)	23 Sep 45		MJPS comments on draft UK-Italy agreement.
4	Memo, Mr Offie	24 Sep 45	CC	Draft US-Italy agreement, text of.
+ 5	AFHQ MJPS P/313 (Final)	26 Sep 45		MJPS comments on draft US-It agrmt.
+ 6	AFHQ SAC (45) 6th Mtg	27 Sep 45	(Min. 10)	SAC instructions re draft US-It and UK-It agreements.
+ 7	AFHQ MJPS P/312 Revised	2 Oct 45		Draft UK-Italy agreement, MJPS comment
+ 8	AFHQ MJPS P/313 Revised	2 Oct 45		Draft US-Italy agreement, MJPS comments
+ 8a	SAC (45) 7th Meeting	4 Oct 45	(Min. 8)	SAC conference discussion on US-Italy and UK-Italy draft agreements.
9	Cbl CINC CMF, FX-47602	6 Oct 45	BCS, USJCS, AC	C-in-C CMF comments on UK-It agreement.
10	Cbl CG MTOUSA, FX-47605	6 Oct 45	USJCS, BCS, AC	CG MTOUSA comments on US-It agreement.
11	Ltr MJPS/66 Yates	23 Nov 45	S.O.P.C-in-C	Future policy It Air and Naval Forces
+ 11a	Memo Yates	12 Feb 46		Milit Maintenance from Trieste to Venice
12	Ltr 615/27/EC Stone	25 Feb 46	AFHQ G-5	Civil Affairs Agreement
12a	Memo HQ MTOUSA	16 Apr 46	AC	Arrngmts fr Civ Adm & Jurisdiction Concerning US Forces in Italy (Appendix to Encl. 14 Mar 46 & Comments thereon)

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SECRET

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Y

for Admiral Stone

American Embassy, Rome, Italy,
October 23, 1946.

No. 4188

RESTRICTED

Subject: Italian Government comments on the Draft Military and Civil Affairs Agreement, and related Financial Agreement, between the United States and Italy.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that the Italian Ministry of Foreign Affairs on October 19 delivered an undated Aide Memoire to Admiral STONE, Chief Commissioner of the Allied Commission, for transmittal to the Commanding General of American armed forces in Italy, wherein the views of the Italian Government are expressed concerning the draft of a new Military and Civil Affairs Agreement, and the related Financial Agreement. Those documents were delivered to the Government for its consideration and comment on June 14 and on September 3, 1946, respectively.

A copy of the original Aide Memoire in Italian, and a translation which was made in the Embassy and concurred in by Admiral Stone, are attached hereto. A summary of the Italian reaction was reported to the Department by telegram no. 4058 dated October 23, 1946.

The Aide Memoire, doubtless because it was drafted earlier, contains no reference to the decision of the United States to grant to Italy the "suspense account" dollars in reimbursement for non-troop-pay expenditures in A.M. lire by our armed forces. In view of that action on our part and of the Italian negative reaction to the negotiation of a new Civil Affairs Agreement, it would no longer appear to be untimely or in any way damaging to our position to withdraw both the Civil Affairs and Financial Agreements, should the Department so desire, and possibly to substitute therefor a proposal to modify the situation with respect

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102-2/4

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The Honorable
The Secretary of State,
Washington.

Sir:

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In the light of such a possibility, the Embassy wishes to record its impression that the objections of United States Military authorities to the retro-active feature in the Financial Agreement, referred to in the Department's memorandum of conversations dated September 18 and in the Embassy's telegram 3900 of September 26, appear to arise very largely out of the undoubted

difficulties involved

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difficulties involved in obtaining accurate and acceptable figures on the value of requisitions since July 1, 1946 and on the value of public services, including transportation and communications, which have neither been paid for in lire nor formally requisitioned. It would also appear that the army authorities may foresee some difficulty in obtaining appropriations to cover the repayment in dollars for requisitions after July 1, the value of which is unknown but thought to be of considerable importance.

In view of these objections, the Embassy is of the opinion that if the War Department so desires, in its reply concerning the financial aspects of the Italian Aide Memoire, it would appear reasonable and practical to emphasize to the Italian Government the extent to which the suspense account and troop pay dollars already cover the bulk of the direct cost to Italy of our forces during the entire occupation, to reaffirm our willingness to recognize any additional expenditures not already covered by dollar payment, such as requisitions, as credits to the Italian Government which may be offset against its recognized debt to us for civilian supplies, and to assure the Government, while requesting its cooperation, that every effort will be made by our armed forces to place all outstanding requisitions on a current cash payment basis at the earliest possible moment.

If it is true that dollar transfers now being made from the "suspense account" will cover the occupation expenditures other than requisitions in Venezia-Giulia and the Province of Udine, assurance in that sense might be added to the foregoing. Reference to the matter might simply be omitted if, on the contrary, a division of occupation costs as between Venezia-Giulia and the rest of Italy is in fact being established unilaterally by the United States.

The foregoing comments have not been discussed with the military in this theatre and are submitted only for the Department's background information.

Respectfully yours,

For the Charge d'Affaires, a.i.:

Charles A. Livengood
Counselor for Economic Affairs

Enclosures:

1. Text of Italian Aide Memoire
2. Translation of Aide Memoire

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cc - USPOLAD, Caserta

CC 102-2

1 November 1946

SUBJECT: British Draft Military and Civil Affairs Agreement with Italy.

TO: C-5, AFHQ.

1. Pursuant to telephone conversation this date between Colonel Mambian and Admiral Stone, there is forwarded herewith for information rough translations of a letter dated 25 October (received 31 October) and an undated note to the British Embassy setting forth the Italian Government views on the British Draft Military and Civil Affairs Agreement with Italy.

2. The second paragraph of the attached letter dated 25 October refers to Ministry of Foreign Affairs letter dated 16 October, translation of which was forwarded to you with my letter dated 22 October, file CC 102-2, which transmitted the Italian Government views on the U.S. draft agreement.

3. In order to save time, only a rough translation of the note to the British Embassy is forwarded herewith but it is believed to be substantially accurate.

4. The underlined portion of the paragraph of the note beginning "Art. 5 of the draft ..." was no doubt intended to be equivalent to similar language in paragraph 2(a) of the draft American agreement.

/s/ Ellery W. Stone

ELLEERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: U.S. Ambassador
British Ambassador

Polad A
Polad B
Ex Comm
CC ✓

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TRANSLATION

Rome, 25 October 1946.

Dear Admiral,

The enclosed Memorandum containing the considerations of the Italian Government on the enclosure draft submitted in its time by the British authorities for the revision of the economic-financial clauses of the Armistice, has been delivered to the British Embassy this date.

With reference to the Note dated 16th instant, I have the honor to transmit to you copy of said document containing considerations and proposals similar to those formulated to the U.S. Government with the aim of establishing a uniformity of regulations with regard to the services rendered by Italy to the United States and Great Britain.

Sincerely yours,

/s/ R. Prunas

202/4

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

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TRANSLATION

D.A.R. - Off. IV

MEMORANDUM

The Italian Government has, in its time, taken into consideration the draft of the Enclosure to the Armistice Convention between the United Kingdom and Italy.

The examination led at that time to the conclusion that the specifically military and political proposals of the agreement raised serious problems of internal and international nature, fated to arouse serious apprehension and opposition in the Country.

The whole of the regulations does practically nothing but confirm and consolidate for the matters taken into consideration, the present situation as it has been created by the "Long Armistice" regime.

On the other hand, in the imminency of the Peace Conference and in the hope that the latter might, within a short time, reach the conclusion of the final Peace Treaty, the Italian Government did not consider at that time necessary or anyhow urgent to start negotiations which very likely would have been superseded before they could reach a conclusion.

However, following the invitation kindly addressed to them, the Italian Government has again examined the economic-financial clauses proposed for the new armistice and contained in articles 5, 8 and 18 of the enclosure draft, and submits to H.M. Government the main considerations and remarks concerning said clauses.

The Italian Government is grateful to H.M. Government for the favorable disposition by which it is animated toward the Italian Government and the Italian people and which is partly reflected in the economic-financial clauses of the proposed enclosure draft.

Nevertheless the Italian Government must point out that, according to the British proposals, part of the burden for the occupation expenses would still continue to weigh on the exhausted Italian economy, regardless of the fact that the armistice regime is already lasting since more than three years and that Italy is still carrying, without any guilt, weights and burdens from which it should have been liberated long ago.

Encouraged by such good disposition, the Italian Government takes therefore the liberty of asking to be exonerated from the occupation expenses for the direct maintenance of British troops which so far have been totally sustained by Italy.

In such spirit the Italian Government has examined the economic-financial clauses contained in the abovementioned enclosure and which could be opportunely altered, coordinating them in a system which could be thus resumed:

1) - the settlement of financial relations entered on the base of the armistice of 29 September 1943 and carried on from its entry in force until 30 June 1946, will take place at a later date, as soon as possible.

2) - the debt of the Italian Government towards the British Government for civilian supplies and for services rendered to the Italian Government or the Italian population from 1st September 1943 should be settled taking into consideration the credits of the Italian Government for the supplies, the requisitions, the services etc. rendered to Great Britain since the beginning of cobelligerency;

3) - the countervalue in pounds of the lire put by the Italian Government at the disposal of the British authorities during the validity period of the new agreement will be credited by the British Government to the Italian.

The Italian Government knows well that the Peace Treaty could dispose in a different way, but it trusts that - for reasons of fairness on which it is superfluous to digress - such dispositions may already now receive a different application from the British side.

With regard to paragraph 5) it must be stressed that the cobelligerency would be practically reduced to very little should such request, already made with the Memorandum of 7 January 1945 and to which H.M. Government replied with the Verbal Note of 1 November of the same year, not be granted. In said Note, the British Government showed so much understanding that it made believe that the problem would sooner or later find a fair solution, and assured that the contribution given by liberated Italy and by the partisans to the common cause would be fully taken into account.

The Italian Government and the Italian people will therefore consider the acceptance of such request not only as a proof of good will and generosity, but also as a tangible demonstration of the British Nation of its wish to contribute, in the limits of its possibilities and in fulfillment of its responsibilities as a Great Power, to the reconstruction of the devastated Italian economy and to the consolidation of the friendly relations between the two Nations.

As regards particularly the wording of the economic-financial clauses contained in articles 5, 6 and 13 of the enclosure, the following alterations and adaptations are proposed by the Italian side, in harmony with the abovementioned system:

- Art. 5 of the draft should be integrated with the two underlined sentences, reading therefore as formulated hereafter: the Italian Government will make available to the British forces, compatibly with the Italian exigencies and taking into consideration the reasonable economic local interests, those areas, buildings, installations, covered depots and similar facilities notified by the British High Command and which will be requested from time to time by the British forces for the accommodation, the maintenance or the training of troops, for the operation or shelter of air planes, for stocks of equipment, food and supplies or for any other purpose; all the necessary requisitions will be ordered by the Italian Government.

The countervalue of the amounts which the Italian Government will pay for such requisitions will be credited in pounds to the Italian Government.

- Article 8 would remain unaltered with the addition however of the following paragraph: "the amount of the purchases, of the supplies and of the finished products, if paid in lire put at the disposal of British authorities by the Italian Government, must find its counterpart in a credit in pounds of the same amount in favor of said Government."

- As to article 18, it is proposed that paragraph (1) be suppressed in consideration of the fact that the obligation of the Italian Government to put at the disposal of British authorities the lire amounts they may request, results already from the agreement between Admiral Stone and the President of the Council De Gasperi as of the letters exchanged in the period from November 1945 to January 1946.

Having once suppressed paragraph (1) of said article and admitted the principle (analogous to that proposed to the American Government for settling the same matter) that the occupation expenses, the supplies etc. necessary to the British Armed Forces are to be charged to the British Government, article 18 could be formulated as follows:

"The occupation expenses, including the net troops' pay and the expenses for the maintenance of British Forces in Venezia Giulia and in the province of Udine, as well as the expenses for all services and requisitions made for the British Forces must, beginning from 1 July 1945, be charged to the British Government and will be paid in pounds."

The British Government will notice that in the proposed formula the exchange clause contained in the British draft is not repeated. With regard to the request made in this matter, it has to be considered that the supply of funds in lire to the British Armed Forces is assuming in this case almost the character of a normal currency operation and it does not seem possible to establish for the conversion of Italian lire into pounds an rate of exchange differing from that effective at the moment of the single supplies and services, with an opportune majoration of the relative exchange premium.

A derogation from the principle of current exchange does not appear possible also for technical-economic reasons connected with the commerce with foreign currency and caused specially by the present situation. In fact, the Italian Government must immediately use the available currencies for reconstruction purposes and therefore the utilization at the current rate of exchange of pounds credited to the Italian Government at a conventional, different and changing parity could cause to the Italian Government and therefore to the Italian economy a very high loss.

Ministero degli Affari Esteri

Roma, 25 ottobre 1946

Signor Ammiraglio,

In data odierna è stato consegnato all'ambasciata di S.M. Britannica in Roma l'accolluso Aide-Memoire contenente le considerazioni del Governo italiano al progetto di annesso a suo tempo presentato dalle autorità britanniche per la revisione delle clausole economico-finanziarie dell'armistizio.

Sciogliendo la riserva di cui alla Nota, in data 16 corrente, mi onoro trasmetterLe copia del citato documento, nel quale sono riportate considerazioni e proposte analoghe a quelle formulate nei confronti del Governo degli Stati Uniti d'America nell'intento di stabilire una uniformità di regolamento per quel che concerne i servizi e le prestazioni dell'Italia a favore degli Stati Uniti e della Gran Bretagna.

Colgo l'occasione, Signor Ammiraglio, per rinnovarle i sensi della mia più alta considerazione.

R. Rumor!

RT

All'Ammiraglio Ellery W. STONE
Capo della Commissione Alleata

ROMA

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In data odierna è stato consegnato all'ambasciata di S.M. Britannica in Roma l'accusato Aide-Memoire contenente le considerazioni del governo italiano al progetto di annesso a suo tempo presentato dalle autorità britanniche per la revisione delle clausole economiche-finanziarie dell'armistizio.

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R. Pirelli

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All'Ammiraglio Ellery W. STONE
Capo della Commissione Alleata

ROMA

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D.A.E. - Uff. IV

AIDE - MEMOIRE

Il Governo italiano ha, a suo tempo, preso in esame il progetto di annesso alla Convenzione di armistizio tra il Regno Unito e l'Italia.

Quell'esame portò allora alla conclusione che le proposte specificamente militari e politiche dell'accordo stesso ponevano gravi problemi di carattere interno ed internazionale, destinati a sollevare serie apprensioni e contrasti nel Paese.

L'insieme delle disposizioni non fa in sostanza che confermare e consolidare per le materie trattate, la situazione attuale, quale era venuta a crearsi sotto il regime del "Long Armistice".

D'altra parte, nell'imminenza della Conferenza della pace e nella speranza che essa potesse, ¹⁴⁵ dopo breve tempo, giungere alla conclusione del definitivo Trattato di pace, il Governo italiano non ritenne allora necessario o comunque urgente iniziare delle discussioni che sarebbero state molto probabilmente superate prima che esse avessero potuto giungere a conclusione.

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Tuttavia, in seguito alle cortesî sollecitazioni ricevute, esso ha nuovamente esaminato le clausole economico-finanziarie proposte per il nuovo armistizio, contenute negli articoli 5, 8 e 18 del progetto di annesso e sottopone in merito alle medesime al Governo del Regno Unito le sue principali considerazioni ed osservazioni.

Il Governo italiano è grato al Governo del Regno Unito per le favorevoli disposizioni di cui è animato nei riguardi del Governo e del popolo italiano e che trovano in parte riscontro nelle clausole economico-finanziarie dello schema di annesso proposto.

Ciò non pertanto deve far presente che, secondo la proposta britannica, una parte degli oneri per spese di occupazione continuerebbe a gravare sulla stremata economia italiana, nonostante che il regime armistiziale duri ormai da oltre tre anni e che l'Italia continui a sottostare, senza sua colpa, a pesi ed oneri dai quali da tempo avrebbe dovuto essere liberata.

Incoraggiato da così buone disposizioni, il Governo italiano si permette quindi di chiedere di essere esonerato dalle spese di occupazione per il diretto mantenimento delle truppe britanniche che fino adesso sono rimaste a totale suo carico.

In tale spirito il Governo italiano ha esaminato le clausole economico-finanziarie contenute nel già citato annesso, le quali potrebbero essere opportunamente ritoccate ~~4/8~~ ^{4/8} ~~ordinan~~ ^{ordinan} sole in un sistema che potrebbe così riassumersi:

1) - la sistemazione dei rapporti finanziari, sorti sulla base dell'armistizio del 29 settembre 1943 e verificatisi

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(3)

dall'entrata in vigore di essa fino al 30 giugno 1946, avrà luogo in un secondo tempo, non appena possibile;

2) - Il debito del Governo italiano verso il Governo britannico per i rifornimenti civili e per i servizi resi al Governo italiano o alla popolazione italiana dal 1° settembre 1943 dovrebbe trovare la sua sistemazione nel quadro dei crediti del Governo italiano per le forniture, le requisizioni, i servizi ecc. resi alla Gran Bretagna dall'inizio della cobelligeranza;

3) - Il controvalore in sterline delle lire messe dal Governo italiano a disposizione delle autorità britanniche nel periodo di validità del nuovo accordo sarà accreditato dal Governo britannico a quello italiano.

Il Governo italiano sa bene che il Trattato di pace potrebbe disporre diversamente su esso confida che, per ragioni di equità su cui sarebbe superfluo dilungarsi, tali disposizioni possano fin da adesso ricevere anche da parte britannica una diversa applicazione.

In merito al paragrafo 2) va sottolineato che la cobelligeranza si ridurrebbe in pratica a ben poca cosa se non venisse accolta tale richiesta, avanzata già con Memorandum del 7 gennaio 1945, al quale il Governo del Regno Unito rispose con Nota Verbale del 1° novembre dello stesso anno. Con tale Nota il Governo di S. M. Britannica mostrò tanta comprensione da far ritenere che il problema avrebbe trovato prima o poi un equo componimento ed

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ed assicurò che sarebbe stato tenuto pienamente in conto il contributo dato dall'Italia liberata e dai partigiani alla causa comune.

Il Governo ed il popolo italiano considereranno quindi l'accettazione di tale richiesta non solo come prova di benevolenza e di generosità, ma altresì come una tangibile manifestazione della Nazione Britannica di voler contribuire, nei limiti delle sue possibilità ed in adempimento delle sue responsabilità di grande Potenza, alla ricostruzione della devastata economia italiana ed a rinsaldare i vincoli di amicizia che legano le due Nazioni.

Per quanto in particolare riguarda la redazione delle clausole economico-finanziarie contenute negli articoli 5, 8 e 13 dell'annesso, da parte italiana si propongono, in armonia con il sistema susseguente, le variazioni e gli adattamenti di cui appresso:

- L'art. 5 del progetto dovrebbe essere integrato con i due periodi sottolineati, risultando quindi così formulato: " il Governo Italiano renderà disponibili per le forze britanniche, compatibilmente con le esigenze italiane e tenendo conto dei ragionevoli interessi economici locali, quelle aree, fabbricati, installazioni, magazzini coperti e analoghe facilitazioni, notified dall'alto Comando britannico, che siano richieste di tempo in tempo dalle forze britanniche per l'alloggio, il mantenimento e l'addestramento delle truppe, per le operazioni e il ricovero di aerei, per magazzinaggio di equipaggiamento, provviste e ri_

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(5)

fornimenti o per ogni altro scopo; tutte le requisizioni necessarie saranno disposte dal Governo italiano.

Il controvalore delle somme che il Governo italiano pagherà per tali requisizioni sarà accreditato in sterline al Governo medesimo. "

- L'articolo 8 resterebbe immutato con l'aggiunta però del seguente paragrafo: " L'importo degli acquisti, delle forniture e dei prodotti finiti, se pagato in lire messe a disposizione delle autorità britanniche dal Governo italiano, dovrà trovare la sua contropartita in un accreditamento in sterline per un eguale importo a favore del Governo medesimo."

- Per quel che riguarda l'articolo 13 si propone la soppressione del paragrafo (1) dato che l'obbligo del Governo italiano di mettere a disposizione delle autorità britanniche gli importi in lire che esse siano per richiedere risulta già dall'accordo intervenuto fra l'Amiraglio Stone e il Presidente del Consiglio De Gasperi con scambio di lettere novembre 1945-gennaio 1946.

Soppresso il paragrafo (1) di tale articolo e una volta ammesso il principio (in analogia a quanto proposto anche al Governo americano per regolare la stessa questione) che le spese di occupazione, le forniture, ecc., occorrenti alle forze armate britanniche faranno carico al Governo inglese, l'articolo 13 potrebbe essere così formulato:

" Le spese di occupazione, incluse la paga ¹/₄ notte per

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(6)

le truppe e le spese per il mantenimento delle forze britanniche nella Venezia Giulia e nella provincia di Udine, così come le spese per tutti i servizi, prestazioni e requisizioni messe a disposizione delle forze britanniche sovranne, dal 1° luglio 1946, essere a carico del Governo britannico e saranno pagate in sterlina. "

Il Governo britannico rileverà che nella formula proposta non è riprodotta la clausola del cambio, contenuta nel progetto britannico. In merito a quanto richiesto in materia, va considerato che la provvista di fondi in lire alle forze armate britanniche assue nella fattispecie presuppone il carattere di normale operazione valutaria e non appare possibile stabilire per la conversione delle lire italiane in sterline un cambio diverso da quello in vigore al momento delle singole forniture e prestazioni, opportunamente maggiorato della relativa addizionale di cambio.

Una deroga al principio del cambio corrente non risulta possibile anche per motivi tecnico-economici connessi con il commercio delle valute estere e derivanti specialmente dall'attuale situazione. Il Governo italiano infatti deve impiegare immediatamente le disponibilità in divise ai fini della ricostruzione e quindi l'utilizzo al cambio corrente di sterline accreditate al Governo italiano ad una parità convenzionale diversa e mutevole potrebbe causare al bisogno e perciò all'economia italiana una perdita magari assai elevata.

Roma,

(13)

RESTRICTED

ALCOM CITE ACSOC FROM ADMIRAL STONE

221015A OCTOBER 1946

INFOUSA FOR GEORGE FIVE

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RESTRICTED

YOUR LETTER OF FOURTEEN JUNE SUBJECT TRANSMITTAL OF UNCLE SUGAR ITALIAN MILITARY
AND CIVIL AFFAIRS AGREEMENT REFERS PD
PARA ONE PD REPLY NOW RECEIVED FROM MINISTRY OF FOREIGN AFFAIRS SETTING FORTH
COMMENTS OF ITALIAN GOVERNMENT ON DRAFT CIVIL AND MILITARY AFFAIRS AGREEMENT BETWEEN
THE UNITED STATES AND ITALY PD A COPY WAS DELIVERED BY ITALIAN GOVERNMENT TO
AMERICAN EMBASSY PD
PARA TWO PD TRANSLATION IS BEING FORWARDED YOU BY HAND

DISTRIBUTION:

US Ambassador
BR Ambassador
US Polad
BR Polad
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PRIORITY

Chief Commissioner

RESTRICTED

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MILVY W. STONE
Rear Admiral, USNA
Chief Commissioner

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CC 102-2

22 October 1945.

SUBJECT: Transmittal of U.S./Italian Military and Civil Affairs Agreement.

TO : Mr. Hildner, AGO 512, U.S. Army.
Attention: Assistant Chief of Staff, G-3.

Your letter of 14 June on the above subject refers.

1. I forward herewith translation of letter from the Secretary General of the Ministry of Foreign Affairs, together with a translation of an Aide Memoire which accompanied the Secretary General's letter which sets forth the views of the Italian Government with respect to the "Modification of Military and Civil Affairs Agreement between the United States and Italy".

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

Copy to: U.S. Embassy
British Embassy

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102-2/46

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Translation

MINISTRY OF FOREIGN AFFAIRS

The Secretary General

Rome, 16 October 1946.

Dear Admiral,

With reference to your kind note of September 3, 1946, in which you have sent me the draft of the financial agreement concerning the conditions of payment for the services rendered in Italy to the United States of America, I have the honor of remitting herewith the memorandum containing the considerations made by the Italian Government regarding this matter.

I do sincerely hope that the U.S. Government will agree with the contents of said memorandum, a copy of which is being sent for information to the U.S. Embassy in Rome. I will send you as soon as possible a similar memorandum referring to the services rendered to Great Britain.

With best regards,

/s/ R. PRINAS

Admiral Wilery W. STONE
Chief Commissioner
Allied Commission
ROME.

NOTE

16 OCT.

TRANSLATION

NOTE MEMOIRE

THE MINISTRY OF FOREIGN AFFAIRS

The Italian Government has duly examined the Draft Civil and Military Affairs Agreement between the United States and Italy, annexed to the Draft Modification of the Armistice regime.

That examination has led to the conclusion that the specifically military and political proposals of the agreement itself pose grave problems of a domestic and international character destined to give rise to serious apprehensions and opposition (contrasti) in the country.

The total effect of the dispositions referred to in articles 1 to 7 in fact only confirms and consolidates in substance, as regards the matters treated in those articles, the actual situation which has come into being under the long Armistice regime.

On the other hand, in view of the imminence of the Peace Conference and the hope that it may within a short time bring about the conclusion of a definitive Peace Treaty, the Italian Government believes it unnecessary and in any case not urgent to initiate discussions which might very probably become unnecessary before they were concluded.

Still, in compliance with the courteous requests of the Department of State, the Italian Government nevertheless submits to the Government of the United States its principal observations regarding the economic-financial clauses proposed for the new Armistice.

The system proposed by the Government of the United States for the regulation of financial relations, forthcoming from the new Armistice, may apparently be summarized as follows:

- a) To set aside (accantonare) the system of financial relations initiated on the basis of the Armistice of September 29, 1943, and carried out from its entry into effect up to June 30, 1946;
- b) To charge to the Italian Government the occupation expenditures, exclusive of net troop pay, for the direct maintenance of American military forces in Venezia-Giulia and the Province of Udine;
- c) To charge to the Government of the United States for payment in dollars currently all services and all supplies (prestazioni) rendered to the American Armed Forces.

The Italian Government believes that the proposed system is in general acceptable and that it constitutes an appreciable improvement in the financial situation which had been imposed on Italy with the preceding Armistice.

The cessation of the arrangement of financial relations carried out up to June 30, 1946, is reasonable and opportune. Such an arrangement would have complicated the negotiation of the new armistice.

The Italian Government hopes that, when it may be appropriate, the United States Government will wish to take into account the considerations set forth by the Italian Government in its memorandum of January 7, 1945 in the sense that all supplies, all services and all payments made by the Italian Government for the account of the American armed forces during the long period of co-belligerency, may be recognized as dollar credits of the Italian Government to be applied against its debts for the civilian supplies.

Such dollar credits will thus derive to the Italian economy from the payment in dollars which the American Government declares itself disposed to make for all supplies, services, regulations, etc., which the Italian Government will place at the disposition of the American armed forces beginning from July 1, 1946, and for the full duration of the new armistice.

Encouraged by such good dispositions, the Italian Government permits itself to request that it be exempt from the occupation expenditures for the direct maintenance of troops which it is desired to charge against it. It is true that this concerns only the troops stationed in Venezia-Giulia and in the Province of Udine, and it is further true that troop pay would be excluded, but that a part of the burden for occupation expenditures would nevertheless continue to bear upon the exhausted Italian economy, notwithstanding that the armistice regime has continued by this time almost three years, and that Italy has continued to bear, through no fault of its own, burdens from which it should have been freed for some time.

The Italian Government, which is grateful to the Government of the United States for the favorable arrangements which have enlivened the regard of the Italian Government and people, hopes that its request will be granted and that the burdens of occupation expenses will thereby cease completely to exist.

In that spirit the Italian Government has also examined the text of the separate draft agreement provided for by paragraph 9 of the armistice draft transmitted last September.

Accordingly, the observations which it advances below with regard to the last mentioned document are presented without implying any denial of the point of view expressed above.

Such observations are the following:

1. The Italian Government requests at the least exemption from the transportation expenditures, not only in order to eliminate the need for laborious calculations for the division of the expenditures themselves between the two Governments, as is provided in section 1, paragraph 2, but also in order to relieve Italian finances from a burden of which a not unimportant part consists of disbursements in foreign exchange for supplies of fuels, lubricants, etc;

2. The amount of the current account in lire which, by the terms of paragraph 3 (a), the Italian Government must place at the disposition of the Commanding General of the American armed forces, might conveniently be established in agreement with the Minister of the Treasury.

3. The second section of the Draft does not appear entirely clear. It is thought possible to deduce, barring errors of interpretation, that the supplying of lire to the American armed forces for troop pay and for other expenditures reimbursable in dollars should take place by utilizing the balances in lire already in possession of the American armed forces or through the acceptance and payment of the countervalue in lire by the Bank of Italy of United States Treasury checks. The payment in dollars for lire received in advance would occur immediately, with the undertaking on our part however to reimburse lire not utilized and to exempt the American forces from any loss deriving from devaluation of the lire.

With regard to this last request it is considered that the providing of funds in lire to the American armed forces assumes in this case practically the character of a normal foreign exchange operation. Therefore, an eventual exchange guarantee - enacted in a public document - would certainly be invoked by third countries in similar cases, without Italy being able to advance serious arguments to resist such a demand.

Not only this, but this request also may not be granted for technical-economic reasons connected with foreign exchange operations and deriving especially from the present situation in which the Italian Government, far from being able to save the available foreign exchange must employ it immediately for reconstruction purposes. In fact, whereas the dollars received may actually be utilized immediately or very soon by Italy, which means under present exchange conditions, the restitution of dollars for the repurchase of lire not used by the American armed forces might come about much later under different exchange conditions and with a considerable loss to the Italian economy.

That inconvenience might would be serious enough even if the advances in lire were not limited to a pre-established figure, remains equally serious even within the limits of the amounts proposed in paragraphs b (1) and (2).

It is pointed out, anyhow, that the exchange guarantee could be applied in any case only to official funds, and possibly to those which are semi-official, but not also to those personal funds of individual members of the American armed forces.

Il Ministro degli Affari Esteri

SEGRETERIA GENERALE

Roma, li 10 OTT 1946

Signor Ammiraglio,

In relazione con la cortese nota del 3 settembre u.s. con la quale si è compiaciuta trasmettere il progetto dell'Accordo finanziario relativo alle condizioni di pagamento dei servizi prestati in Italia a favore degli Stati Uniti d'America, mi onoro rimetterle l'accluso pro-memoria contenente le considerazioni del Governo italiano al riguardo.

Voglio sperare che il Governo degli Stati Uniti concordi con quanto fatto presente in detto pro-memoria, una copia del quale viene trasmessa per opportuna conoscenza all'Ambasciata degli Stati Uniti in Roma, e mentre mi riservo di farla pervenire al più presto analogo pro-memoria per quel che si riferisce ai servizi a favore della Gran Bretagna, colgo l'occasione, Signor Ammiraglio, per rinnovarle i sensi della mia alta stima.

DR 126

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Declassified E.O. 12356 Section 3.3/NND No. 785015
Signor Ammiraglio,

In relazione con la cortese nota del 3 settembre u.s. con la quale si è compiaciuta trasmettere il progetto dell'accordo finanziario relativo alle condizioni di pagamento dei servizi prestati in Italia a favore degli Stati Uniti d'America, mi onoro rimetterle l'accluso pro-memoria contenente le considerazioni del Governo italiano al riguardo.

Voglio sperare che il Governo degli Stati Uniti concordi con quanto fatto presente in detto pro-memoria, una copia del quale viene trasmessa per opportuna conoscenza all'Ambasciata degli Stati Uniti in Roma, e mentre mi riservo di farle pervenire al più presto analogo pro-memoria per quel che ci riferisce ai servizi a favore della Gran Bretagna, colgo l'occasione, Signor Ammiraglio, per rinnovarle i sensi della mia alta stima.

ALL'AMIRAGLIO ELLERY W. STONE
Capo della Commissione Alleata
Roma

R. Rinaldi 130

A I D E - M E M O I R E

Il Governo italiano ha, a suo tempo, preso in esame il progetto di accordo per gli Affari Civili e Militari fra gli Stati Uniti e l'Italia, annesso al progetto di modifica del regime armistiziale.

Quell'esame portò allora alla conclusione che le proposte specificamente militari e politiche dell'accordo stesso, ponevano gravi problemi di carattere interno ed internazionale, destinati a sollevare serie apprensioni e contrasti nel Paese.

L'insieme delle disposizioni di cui agli articoli da 1 a 12 infatti non fa in sostanza che confermare e consolidare per le materie trattate in detti articoli, la situazione attuale quale era venuta a crearsi sotto il regime del long Armistice.

D'altra parte, nell'imminenza della Conferenza della pace e nella speranza che essa potesse, entro breve tempo, giungere alla conclusione del definitivo trattato di pace, il Governo italiano ritenne non necessario e comunque non urgente iniziare delle discussioni che sarebbero state molto probabilmente superate prima che esse avessero potuto giungere a conclusione.

Tuttavia, in seguito alle cortesi sollecitazioni del Dipartimento di Stato, il Governo italiano sottopone senz'altro al Governo degli Stati Uniti le sue principali osservazioni in merito alle clausole economico-finanziarie proposte per il nuovo armistizio.

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Il sistema proposto dal Governo degli S.U.A. per la regolamentazione dei rapporti finanziari, nascenti dal nuovo armistizio, sembra si possa riassumere così:

a) - accantonare la sistemazione dei rapporti finanziari, sorti sulla base dell'armistizio del 29 settembre 1943, e verificarsi dall'entrata in vigore di esso fino al 30 giugno 1946;

b) - mettere a carico del Governo italiano le spese di occupazione, escluso il net troop pay, per il diretto mantenimento delle forze militari americane esistenti nella Venezia Giulia e nella provincia di Udine;

c) - mettere a carico del Governo degli S.U.A. per il pagamento in dollari currently, tutti i servizi e tutte le prestazioni, resi alle F.F.AA. americane.

Il Governo italiano ritiene che il sistema proposto, sia in generale accettabile e che esso costituisca un apprezzabile miglioramento della situazione finanziaria, che era stata imposta all'Italia col precedente armistizio.

Ragionevole ed opportuno è il rinvio della sistemazione dei rapporti finanziari verificatisi fino al 30 giugno 1946. Una tale sistemazione avrebbe complicato la negoziazione per il nuovo armistizio.

Il Governo italiano si augura che, allorché si procederà ad essa, il Governo degli S.U.A. vorrà tener conto delle considerazioni svolte dal Governo italiano nel suo memorandum del 7 gennaio 1945, in guisa che tutte le prestazioni, tutti i servizi, tutti i pagamenti fatti dal Governo italiano per conto delle

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(3)

FF.AA. degli S.U.A., durante il lungo periodo della co-belligeranza, siano riconosciuti come crediti in dollari del Governo italiano da mettere a fronte dei suoi debiti per le civilian supplies.

Notevole sollievo deriverà poi all'economia italiana dal pagamento in dollari che il governo americano si dichiara disposto a fare di tutte le prestazioni, servizi, requisizioni, ecc., che il Governo italiano metterà a disposizione delle FF.AA. americane a partire dal 1° luglio 1946 e per tutta la durata del nuovo armistizio.

Incoraggiato da così buone disposizioni, il Governo italiano si permette di chiedere di essere esonerato dalle spese di occupazione per il diretto mantenimento delle truppe che si vorrebbe mettere a suo carico. E' vero che si tratta delle sole truppe stazionanti nella Venezia Giulia e nella provincia di Udine, è vero altresì che le troop's pay sarebbero escluse, ma ciò non pertanto una parte degli oneri per spese di occupazione continuerebbe a gravare sulla stretta economia italiana, nonostante che il regime armistiziale duri ormai da quasi tre anni, e che l'Italia continui a sottostare, senza sua colpa, a pesi ed oneri dai quali da tempo avrebbe dovuto essere liberata.

Il Governo italiano, che è grato al Governo degli Stati Uniti per le favorevoli disposizioni, da cui è animato nei riguardi del governo e del popolo italiano, spera che la sua richiesta sarà accolta e che perciò gli oneri delle spese di occupazione cesseranno completamente di esistere.

In tale spirito il Governo italiano ha anche esaminato il testo del progetto di accordo separato previsto dal paragrafo 9

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del progetto di armistizio trasmesso con la sua lettera del 5 settembre u.s.

Perciò, le osservazioni che esso avanza qui appresso a riguardo di detto ultimo documento vengono presentate senza che esse implicino rinuncia al punto di vista sopra esposto.

Tali osservazioni sono le seguenti:

1. - Il Governo italiano chiede almeno l'esonero dalle spese dei trasporti anche allo scopo di eliminare la necessità di laboriosi calcoli per la ripartizione della spesa stessa tra i due Governi, come previsto nella sezione 1° paragrafo 2, nonché allo scopo di sollevare le finanze italiane da un onere cui fanno riscontro non indifferenti esborsi in valuta per forniture di combustibili, lubrificanti ecc.;
2. - L'ammontare del conto corrente in lire che, ai termini del paragrafo 3 (A), il governo italiano dovrebbe mettere a disposizione del Generale comandante le forze armate nordamericane converrebbe venisse stabilito d'intesa con il Ministro del Tesoro;
3. - La sezione seconda del progetto non appare del tutto chiara: si è creduto poter dedurre, salvo errori di interpretazione, che il rifornimento in lire alle FF.AA. americane per il soldo delle truppe ed altre spese rimborsabili in dollari dovrebbe aver luogo sia con l'utilizzo del saldo in lire, già in possesso delle Forze armate americane che mediante accettazione e pagamento del controvalore in lire da parte della Banca d'Italia di assegni del Tesoro degli Stati Uniti. Il pagamento in dollari delle lire ricevute in anticipo avverrebbe immediatamente con l'impegno però da parte nostra di riacquistare le lire non utilizzate e di esimare le forze americane da ogni perdita derivante dalla svalutazione della lira.

In merito a quest'ultima richiesta va considerato che la provvista di fondi in lire alle FF.AA. americane assume nella fatti

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specie pressochè il carattere di normale operazione valutaria. Pertanto un'eventuale garanzia di cambio - sancita in un documento pubblico - verrebbe certamente invocata in casi analoghi da terzi Paesi senza che da parte italiana possano opporsi seri argomenti per resistere ad una tale pretesa.

Non solo, ma essa non potrebbe essere concessa anche per motivi tecnico-economici connessi con il commercio delle valute estere e derivanti specialmente dall'attuale situazione, in cui il governo italiano, lungi dal poter tesoreggiare le disponibilità in divisa, deve impiegarle immediatamente ai fini della ricostruzione. Infatti, mentre i dollari ricevuti verrebbero verosimilmente utilizzati subito o molto presto dall'Italia, vale a dire nelle attuali condizioni di cambio, la restituzione per riacquisto delle lire non utilizzate dalle F.F.A.A. americane potrebbe avvenire tra molto tempo in mutate condizioni di cambio e con una perdita magari assai elevata da parte dell'economia italiana.

Tale ~~è~~ inconveniente, che sarebbe assai grave qualora le anticipazioni di lire non fossero limitate ad una cifra prestabilita, permangendo ugualmente grave anche nei limiti degli importi proposti con i paragrafi 1.1 e 2.

Si rileva, comunque, che la garanzia di cambio non potrebbe in ogni caso applicarsi ai fondi ufficiali, ed eventualmente a quelli semi ufficiali, ma non anche a quelli personali dei singoli membri delle Forze armate americane.

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GC 102-2

3 September 1946.

SUBJECT: Transmittal of Draft Financial Agreement.

TO : Headquarters MTOUSA, APO 512, U.S. Army.
Attention: G-5 Section.

Your letter of 12 August refers.

1. Confirming telephone conversation of 2 September with the Assistant Chief of Staff G-5, the draft financial agreement was handed to the American Embassy immediately upon its receipt pursuant to paragraph 2 of your letter of 12 August. The American Embassy advised by memorandum dated 29 August as per the attached copy.

2. Copies of the draft financial agreement accordingly have been forwarded to the Prime Minister this date as per the attached letter and enclosure.

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/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Inc.-1 Polad(A) Memo 29 Aug 46
2 Copy ltr 3 Sept 46 to Prime
Minister with enclosure.

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HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

3 September 1946.

My dear Mr. Prime Minister:

You will recall that on 14 June 1946 I delivered to you two copies of the draft Military and Civil Affairs Agreement between the United States and Italy intended to accompany the proposed revised armistice.

Paragraph 9(c) of the Draft Military and Civil Affairs Agreement between the United States and Italy provides that conditions of payment on which services and facilities are made available to the United States in Italy and other financial questions shall be the subject of a separate agreement effective as of 1 July 1946. I forward herewith the draft of the financial agreement referred to in the preceding sentence for the consideration and comments of your Government.

It will be appreciated if your comments on the attached draft and on the Draft Military and Civil Affairs Agreement between the United States and Italy, which I delivered to you on 14 June, could be communicated to me at your early convenience.

Sincerely,

-1- Henry W. Stone

HENRY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. Alcide DeGasperi,
President of the Council of Ministers,
Rome.

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Copy to: G-5 AFHQ
U.S. Ambassador
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COPY

DRAFT AGREEMENT

Pursuant to the terms of the Military and Civil Affairs Agreement entered into between the Italian Government and Commanding General of the United States Forces in ITALY and more specifically to paragraph 9(A) (B) and (C) of the aforementioned agreement, it is further agreed that the following provisions shall govern:

(A) The conditions under which occupational costs for the direct maintenance of United States Forces in VENEZIA GIULIA, AMBROLO Airport, and the Province of UDINE will be met by the Italian Government.

(B) The conditions under which the United States Government will pay in Dollars on a current basis, for net troop pay of United States Troops located in ITALY, and for all supplies, services and facilities not covered in paragraphs 8 and 9 (A) of the parent agreement.

SECTION I.

Occupation costs for direct maintenance of United States Forces in VENEZIA GIULIA, Province of UDINE, and support troops located at AMBROLO Airport.

1. "Direct Maintenance" as used in this agreement will be construed to mean the cost of services, supplies and facilities procured in ITALY and used by troops physically located in the area cited in the title of Section I.

2. Transportation costs incident to services, supplies and facilities into or out of these areas, and costs of communication between these areas and other Allied Military Facilities, will be borne by the United States and Italian Governments on a pro rata basis to be agreed upon between the Commanding General, United States Forces, and the Italian Government.

3. (A) The Commanding General of the United States Forces or a duly appointed Delegate or Delegates authorized in writing by him to act in his name, will procure supplies, facilities and services for direct maintenance by purchases with lire funds to be made available by the Italian Government. To facilitate this arrangement the Italian Government will place to the account of the Commanding General, United States Forces, a working balance of (amount to be filled in by the Commanding General, United States Forces, in accordance with his requirements), lire and will provide additional lire, as necessary, to maintain this balance. All expenditures from this account will be supported by vouchers, copies of which will be furnished to the Italian Government. 128

(B) At such time as the United States Forces are withdrawn, any balance remaining in the account shall revert to the Italian Government.

Occupation costs for direct maintenance of United States Forces at

VENEZIA GIULIA, Province of UDINE, and support troops located at AURONZO Airport.

1. "Direct Maintenance" as used in this agreement will be construed to mean the cost of services, supplies and facilities procured in ITALY and used by troops physically located in the area cited in the title of Section I.
2. Transportation costs incident to services, supplies and facilities into or out of these areas, and costs of communication between these areas and other Allied Military Facilities, will be borne by the United States and Italian Governments on a pro rata basis to be agreed upon between the Commanding General, United States Forces, and the Italian Government.

3. (A) The Commanding General of the United States Forces or a duly appointed Delegate or Delegates authorized in writing by him to act in his name, will procure supplies, facilities and services for direct maintenance by purchases with lire funds to be made available by the Italian Government. To facilitate this arrangement the Italian Government will place to the account of the Commanding General, United States Forces, a working balance of (amount to be filled in by the Commanding General), lire and will provide additional lire, as necessary, to maintain this balance. All expenditures from this account will be supported by vouchers, copies of which will be furnished to the Italian Government. **128**

(B) At such time as the United States Forces are withdrawn, any balance remaining in the account shall revert to the Italian Government.

4. Purchase orders bearing the certificate of the Commanding General, United States Forces, or his delegates that the supplies, materials, or services are for direct maintenance of occupation forces as defined herein will be presented to the Italian Government as evidence that such supplies are for direct maintenance of United States Occupation Forces.
5. The technical procedures necessary to implement this agreement shall be determined between the Commanding General of the United States Forces and the Italian Government.

SECTION I.

Occupation costs for direct maintenance of United States Forces in VENEZIA GIULIA, Province of UDINE, and support troops located at ANCONA Airport.

1. "Direct Maintenance" as used in this agreement will be construed to mean the cost of services, supplies and facilities procured in ITALY and used by troops physically located in the area cited in the title of Section I.
2. Transportation costs incident to services, supplies and facilities into or out of these areas, and costs of communication between these areas and other Allied Military Facilities, will be borne by the United States and Italian Governments on a pro rata basis to be agreed upon between the Commanding General, United States Forces, and the Italian Government.
3.
 - (A) The Commanding General of the United States Forces or a duly appointed delegate or Delegates authorized in writing by him to act in his name, will procure supplies, facilities and services for direct maintenance by purchase with lire funds to be made available by the Italian Government. To facilitate this arrangement the Italian Government will place to the account of the Commanding General, United States Forces, a working balance of (amount to be filled in by the Commanding General, United States Forces, in accordance with his requirements), lire and will provide additional lire, as necessary, to maintain this balance. All expenditures from this account will be supported by vouchers, copies of which will be furnished to the Italian Government.
 - (B) At such time as the United States Forces are withdrawn, any balance remaining in the account shall revert to the Italian Government. 128
4. Purchase orders bearing the certificate of the Commanding General, United States Forces, or his delegates that the supplies, materials, or services are for direct maintenance of occupation forces as defined herein will be presented to the Italian Government as evidence that such supplies are for direct maintenance of United States Occupation Forces.
5. The technical procedures necessary to implement this agreement shall be determined between the Commanding General of the United States Forces and the Italian Government.

SECTION II.

Procurement of lire for troop pay and for purchase of supplies, materials and services other than for direct maintenance as provided in section 1 hereof.

1. (A) All lire held by United States Forces on 1 July 1946 and NOT heretofore paid for will be purchased by United States Forces at the rate of 225 lire to the dollar. A statement of this balance, resulting from all lire drawn prior to 1 July 1946, from the Allied Financial Agency and the Banca D'Italia by the United States Armed Forces, less lire used by the United States Armed Forces for all local procurement of goods and services, minus the dollar equivalent already paid the Italian Government by the United States Armed Forces, minus the returns of lire to the Allied Financial Agency and the Banca D'Italia as of 30 June 1946, will be furnished to the Italian Government.
- (B) After 1 July 1946 the United States Forces will purchase lire requirements, in excess of balances held by Army Disbursing Officers on that date, from the Banca D'Italia or one of its branches with United States Treasury checks.
- (C) When all United States Forces are withdrawn from ITALY, settlement will be made for lire balances referred to in paragraph 1 (A) above by:
 - (1) Return of unused lire to Italian Government.
 - (2) Payment of United States dollars at the rate of 225 lire to the dollar for the difference between the amount on hand 1 July 1946 and the amount returned to the Italian Government except as modified by paragraph 2 (C).
 - (D) The United States Forces will use lire balance (see paragraph 1 (A)) and lire procured by treasury check only for the pay, exchange of funds and encashment of dollar instruments authorized by the United States Forces or troops and personnel in and under the military establishments, and for procurement of goods and services other than for direct maintenance under provisions of section 1.
 - (E) All local procurement other than for direct maintenance will be paid for with lire balances (reference paragraph 1 (A)) of lire purchased from the Italian Government with United States Treasury checks.
2. The Italian Government agrees:
 - (A) To instruct the Banca D'Italia and all branches thereof to accept United States Treasury checks from Army Disbursing Officers in exchange for lire at the rate of 225 lire to the dollar.
 - (B) When United States Forces are withdrawn from ITALY to repurchase

Government.

(B) After 1 July 1946 the United States Forces will purchase lire requirements, in excess of balances held by Army Disbursing Officers on that date, from the Banca D'Italia or one of its branches with United States Treasury checks.

(C) When all United States Forces are withdrawn from ITALY, settlement will be made for lire balances referred to in paragraph 1 (A) above by:

- (1) Return of unused lire to Italian Government.
- (2) Payment of United States dollars at the rate of 225 lire to the dollar for the difference between the amount on hand 1 July 1946 and the amount returned to the Italian Government except as modified by paragraph 2 (C).
- (D) The United States Forces will use lire balance (see paragraph 1 (A)) and lire procured by treasury check only for the pay, emblems of funds and encasement of dollar instruments authorized by the United States Forces or troops and personnel in and under the military establishments, and for procurement of goods and services other than for direct maintenance under provisions of section 1.
- (E) All local procurement other than for direct maintenance will be paid for with lire balances (reference paragraph 1 (A)) or lire purchased from the Italian Government with United States Treasury checks.

126

2. The Italian Government agrees:

(A) To instruct the Banca D'Italia and all branches thereof to accept United States Treasury checks from Army Disbursing Officers in exchange for lire at the rate of 225 lire to the dollar.

(B) When United States Forces are withdrawn from ITALY to repurchase with United States dollars Army holdings as follows:

- (1) Lire in excess of 1 July 1946 balances (see paragraph 1 (A)) at the rate of 225 lire to the dollar, except as modified by paragraph (C) below, provided however, that liability for the repurchase of lire shall not exceed the amount purchased after 1 July 1946 by Treasury check;

(25)

(2) The additional lire converted to dollars for authorized personnel of the United States Forces, HOF to exceed in any event three million five hundred thousand dollars.

(C) To protect the United States Forces, including Official, quasi-Official, and personal funds, in accordance with the provisions of the note of 22 February 1946 from the Italian Ministry of Treasury to the United States Treasury Representative at Rome, against any loss resulting from the devaluation of lire. Provisions of this paragraph will be applicable to paragraph 1 (C) (2) and shall be taken into consideration in computing amounts due to the Italian Government.

(D) To advise United States Government in advance of any pending change in the rate of exchange.

0988

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

785015

amounts due to the Italian Government.

(p) To advise United States Government in advance of any pending change in the rate of exchange.

126

-3-

352

AUG 29 1946

HEADQUARTERS ALLIED COMMISSION

Office of Political Adviser (A)

August 29, 1946

MEMORANDUM TO: Chief Commissioner

SUBJECT : Draft Financial Agreement

32

With reference to my memorandum of August 20, 1946, regarding the Draft Financial Agreement which you have been directed to transmit to the Italian Government for its consideration and comments, unless contrary views are expressed by the United States Embassy, I am glad to be able to tell you that the Embassy now has no objection to delivery of the Draft to the Italian Government for the purposes stated.

As a result of its request for the views of the Department of State, the Embassy has now received certain clarifications of several points raised by the Draft, and is now studying these. Although the Embassy may wish later to submit for the consideration of the Military Authorities certain observations on the Draft itself, this reservation of comment is no way intended to interfere with obtaining the comment of the Italian Government.

102-2/11

Joseph N. Greene, Jr.
Joseph N. Greene, Jr.,
Assistant Political Adviser (A)
128

see

35

36

34

JUN 27 1946

F.L.

TO see

G.D. cc

7/8/46

COPY

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Embassy of France and has the honor to acknowledge receipt of the latter's Note

Verbale of August 15, requesting the text of the Civil Affairs Agreement recently communicated to the Italian Government by United States Authorities.

The Embassy of the United States of America believes that there may have been some misunderstanding with regard to the method of negotiating this Agreement. In point of fact the so-called United States Civil Affairs Agreement will be negotiated directly between the

102-2/cc

124

The Embassy of the United States of America presents its compliments to the Embassy of France and has the honor to acknowledge receipt of the latter's Note

Verbale of August 15, requesting the text of the Civil Affairs Agreement recently communicated to the Italian Government by United States authorities.

The Embassy of the United States of America believes that there may have been some misunderstanding with regard to the method of negotiating this Agreement.

In point of fact the so-called United States Civil Affairs

Agreement will be negotiated directly between the

To the

Embassy of France,

ROME.

(37)

0991

102-2/00

124

Italian Government and the United States Military Authorities in Italy. The Embassy understands, however, that such is not the case with regard to the United Kingdom Civil Affairs Agreement.

The Embassy of the United States of America would, therefore, suggest that the French representative attached to the Headquarters of the Allied Commission take the matter up directly with the Chief Commissioner. The Embassy understands informally that the Chief Commissioner will be glad to show the United States Agreement to the French representative, but that the sanction of higher authority will have to be obtained by the Chief Commissioner if the French representative desires to retain a copy.

R O K E, August 26, 1946.

Kingdom Civil Affairs Agreement.

The Embassy of the United States of America would, therefore, suggest that the French representative attached to the Headquarters of the Allied Commission take the matter up directly with the Chief Commissioner.

The Embassy understands informally that the Chief Commissioner will be glad to show the United States Agreement to the French representative, but that the sanction of higher authority will have to be obtained by the Chief Commissioner if the French representative desires to retain a copy.

R O H: E, August 26, 1946.

JNCGreene:mas

33

0993

HEADQUARTERS ALLIED COMMISSION

Office of Political Adviser (A)

August 20, 1946

MEMORANDUM TO: Chief Commissioner

SUBJECT : Draft Financial Agreement

With reference to the copy ^{which you gave me} of MTOUSA's letter of August 12 to you, transmitting copies of the draft financial agreement supplementary to the draft US military and civil affairs agreement, I have to inform you that the Embassy has requested the views of the Department of State in the premises. I shall of course let you know as soon as a reply is received from the Department.

I know you will appreciate that the Embassy is not at this time expressing any views, contrary or otherwise, as requested in paragraph 2 of MTOUSA's letter.

Joseph N. Greene, Jr.
Joseph N. Greene, Jr.,
Assistant Political Adviser (A)

see 34*Adm*32

RESTRICTED

HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATIONS
UNITED STATES ARMY
APO 512

Ex Comm
AA2

12 August 46

SUBJECT: Transmittal of Draft Financial Agreement.

TO : Chief Commissioner,
Allied Commission,
APO 794

1. Herewith are five copies of AGWAR signal W 97062 containing a draft agreement concerning financial matters supplemental to the draft U S Military and Civil Affairs Agreement.

2. Unless contrary views are expressed by the U.S. Embassy in Rome, it is desired that you transmit the draft U.S. text to the Italian Government for its consideration and comments.

3. As paragraph 2 page 5 beginning "In approving xxx and ending "direct maintenance", are not a part of the draft agreement, but are simply for the information of the Commanding General, the text on page 5 will not be made known to the Italian government.

4. Furnish copies of the entire signal to the U.S. Embassy.

BY COMMAND OF LIEUTENANT GENERAL LEE:


A. L. HAMBLIN
Colonel, G.S.C.
Assistant Chief of Staff G-5.

see [35]
[36]

12222

RESTRICTED

(31b)

FILED: LOULLIZ
PRIORITY

PARAGRAPH UNNECESSARY
RESTRICTED

FROM : AGWAR FROM JOINT CHIEFS OF STAFF

TO : COMJENMED

REF NO THIS MESSAGE : W 97062

10 August 1946

To General LEE,

Paragraph 9 of W90819 refers

1. The following draft agreement has been approved by the State, War and Navy Departments for negotiation on a military level in implementation of the financial provisions of the Military and Civil Affairs Agreement between the United States and Italy.

Begin draft agreement.

"pursuant to the terms of the Military and Civil Affairs Agreement entered into between the Italian Government and Commanding General of the United States Forces in ITALY and more specifically to paragraphs 9(A) (B) and (C) of the aforementioned agreement, it is further agreed that the following provisions shall govern:

(A) The conditions under which occupational costs for the direct maintenance of United States Forces in VENEZIA GIULIA, ALENDOLO Airport, and the Province of UDINE will be met by the Italian Government.

(B) The conditions under which the United States Government will pay in Dollars on a current basis, for net troop pay of United States Troops located in ITALY, and for all supplies, services and facilities NOT covered in paragraphs 8 and 9 (A) of the parent agreement.

SECTION I.

Occupation costs for direct maintenance of United States Forces in VENEZIA GIULIA, Province of UDINE, and support troops located at ALENDOLO Airport.

PARAPHRASE UNNECESSARY
RESTRICTED

MC IN 726

COPY NO

-1-

121

102-2/00

0997

785015

102-2/66

1. The following draft agreement has been approved by the State, War and Navy Departments for negotiation on a military level in implementation of the financial provisions of the Military and Civil Affairs Agreement between the United States and Italy.

Begin draft agreement.

"Pursuant to the terms of the Military and Civil Affairs Agreement entered into between the Italian Government and Commanding General of the United States Forces in ITALY and more specifically to paragraphs 9(A) (B) and (C) of the aforementioned agreement, it is further agreed that the following provisions shall govern:

(A) The conditions under which occupational costs for the direct maintenance of United States Forces in VENEZIA CIULIA, AMENDOLA Airport, and the Province of UDINE will be met by the Italian Government.

(B) The conditions under which the United States Government will pay in Dollars on a current basis, for net troop pay of United States Troops located in ITALY, and for all supplies, services and facilities NOT covered in paragraphs 8 and 9 (A) of the parent agreement.

SECTION I.

Occupation costs for direct maintenance of United States Forces in VENEZIA CIULIA, Province of UDINE, and support troops located at AMENDOLA Airport.

PARAPHRASE UNNECESSARY
RESTRICTED

-1-

COPY NO

MC IN 726

121

See [] b

Extract attached. (1/20/66)

31a

RLF NO THIS MESSAGE : W 97062

(cont'd) 10 August 1946

1. "Direct maintenance" as used in this agreement will be construed to mean the cost of services, supplies and facilities procured in ITALY and used by troops physically located in the area cited in the title of Section I.
2. Transportation costs incident to services, supplies and facilities into or out of these areas, and costs of communication between these areas and other Allied Military Facilities, will be borne by the United States and Italian Governments on a pro rata basis to be agreed upon between the Commanding General, United States Forces, and the Italian Government.
3.
 - (A) The Commanding General of the United States Forces or a duly appointed Delegate or Delegates authorized in writing by him to act in his name, will procure supplies, facilities and services for direct maintenance by purchases with lire funds to be made available by the Italian Government. To facilitate this arrangement the Italian Government will place to the account of the Commanding General, United States Forces, a working balance of (amount to be filled in by the Commanding General, United States Forces, in accordance with his requirements) lire, and will provide additional lire, as necessary, to maintain this balance. All expenditures from this account will be supported by vouchers, copies of which will be furnished to the Italian Government.
 - (B) At such time as the United States Forces are withdrawn, any balance remaining in the account shall revert to the Italian Government.
4. Purchase orders bearing the certificate of the Commanding General, United States Forces, or his delegates that the supplies, materials, or services are for direct maintenance of occupation forces as defined herein will be presented to the Italian Government as evidence that such supplies are for direct maintenance of United States Occupation Forces.
5. The technical procedures necessary to implement this agreement shall be determined between the Commanding General of the United States Forces and the Italian Government.

and facilities into or out of these areas, and costs of communication between these areas and other Allied Military Facilities, will be borne by the United States and Italian Governments on a pro rata basis to be agreed upon between the Commanding General, United States Forces, and the Italian Government.

3.

(A) The Commanding General of the United States Forces or a duly appointed Delegate or Delegates authorized in writing by him to act in his name, will procure supplies, facilities and services for direct maintenance by purchases with lire funds to be made available by the Italian Government. To facilitate this arrangement the Italian Government will place to the account of the Commanding General, United States Forces, a working balance of (amount to be filled in by the Commanding General, United States Forces, in accordance with his requirements) lire, and will provide additional lire, as necessary, to maintain this balance. All expenditures from this account will be supported by vouchers, copies of which will be furnished to the Italian Government.

(B) At such time as the United States Forces are withdrawn, any balance remaining in the account shall revert to the Italian Government.

4. Purchase orders bearing the certificate of the Commanding General, United States Forces, or his delegates that the supplies, materials, or services are for direct maintenance of occupation forces as defined herein will be presented to the Italian Government as evidence that such supplies are for direct maintenance of United States Occupation Forces.

5. The technical procedures necessary to implement this agreement shall be determined between the Commanding General of the United States Forces and the Italian Government.

MC IN 726 10 August 1946

- 2 -

REF NO: W 97062

31a

SECTION II.

Procurement of lire for troop pay and for purchase of supplies, materials and services other than for direct maintenance as provided in section I hereof.

1.

(A) All lire held by United States Forces on 1 July 1946 and NOT heretofore paid for will be purchased by United States Forces at the rate of 225 lire to the Dollar. A statement of this balance, resulting from all lire drawn prior to 1 July 1946, from the Allied Financial Agency and the Banca D'Italia by the United States Armed Forces, less lire used by the United States Armed Forces for all local procurement of goods and services, minus the Dollar equivalent already paid the Italian Government by the United States Armed Forces, minus the returns of lire to the Allied Financial Agency and the Banca D'Italia as of 30 June 1946, will be furnished to the Italian Government.

(B) After 1 July 1946 the United States Forces will purchase lire requirements, in excess of balances held by Army Disbursing Officers on that date, from the Banca D'Italia or one of its branches with United States Treasury checks.

(C) When all United States Forces are withdrawn from ITALY, settlement will be made for lire balances referred to in paragraph 1 (A) above by:

- (1) Return of unused lire to Italian Government.
- (2) Payment of United States dollars at the rate of 225 lire to the dollar for the difference between the amount on hand 1 July 1946 and the amount returned to the Italian Government except as modified by paragraph 2 (C).

(D) The United States Forces will use lire balance (see paragraph 1 (A)) and lire procured by treasury check only for the pay, exchange of funds and encashment of dollar instruments authorized by the United States Forces or troops and personnel in and under the military establishments, and for procurement of goods and services other than for direct maintenance under provisions of section 1.

States Armed Forces for all local procurement of goods and services, minus the Dollar equivalent already paid the Italian Government by the United States Armed Forces, minus the returns of lire to the Allied Financial Agency and the Banca D'Italia as of 30 June 1946, will be furnished to the Italian Government.

(B) After 1 July 1946 the United States Forces will purchase lire requirements, in excess of balances held by Army Disbursing Officers on that date, from the Banca D'Italia or one of its branches with United States Treasury checks.

(C) When all United States Forces are withdrawn from ITALY, settlement will be made for lire balances referred to in paragraph 1 (A) above by:

(1) Return of unused lire to Italian Government.

(2) Payment of United States dollars at the rate of 225 lire to the dollar for the difference between the amount on hand 1 July 1946 and the amount returned to the Italian Government except as modified by paragraph 2 (C).

(D) The United States Forces will use lire balance (see paragraph 1 (A)) and lire procured by treasury check only for the pay, exchange of funds and encashment of dollar instruments authorized by the United States Forces or troops and personnel in and under the military establishments, and for procurement of goods and services other than for direct maintenance under provisions of section 1.

113

PARAPHRASE UNNECESSARY
RESTRICTED

- 3 -

MC IN 726

3/a

REF NO THIS MESSAGE : W 97062 (cont'd) 10 August 1946

(E) All local procurement other than for direct maintenance will be paid for with lire balances (reference paragraph 1 (A)) or lire purchased from the Italian Government with United States Treasury checks.

2. The Italian Government agrees:

(A) To instruct the Banca D'Italia and all branches thereof to accept United States Treasury checks from Army Disbursing Officers in exchange for lire at the rate of 225 lire to the dollar.

(B) When United States Forces are withdrawn from Italy to repurchase with United States dollars Army holdings as follows:

(1) Lire in excess of 1 July 1946 balances (see paragraph 1 (A)) at the rate of 225 lire to the dollar, except as modified by paragraph (C) below, provided however, that liability for the repurchase of lire shall NOT exceed the amount purchased after 1 July 1946 by Treasury check;

(2) The additional lire converted to dollars for authorized personnel of the United States Forces, NOT to exceed in any event three million five hundred thousand dollars.

(C) To protect the United States Forces, including Official, quasi-Official, and personnel funds, in accordance with the provisions of the note of 22 February 1946 from the Italian Ministry of Treasury to the United States Treasury Representative at ROME, against any loss resulting from the devaluation of lire. Provisions of this paragraph will be applicable to paragraph 1 (C) (2) and shall be taken into consideration in computing amounts due to the Italian Government.

(D) To advise United States Government in advance of any pending change in the rate of exchange."

118

MC IN 726 10 August 1946

REF NO: W 97062

225 lire to the dollar.

(B) When United States Forces are withdrawn from ITALY to repurchase with United States dollars Army holdings as follows:

(1) Lire in excess of 1 July 1946 balances (see paragraph 1 (A)) at the rate of 225 lire to the dollar, except as modified by paragraph (C) below, provided however, that liability for the repurchase of lire shall NOT exceed the amount purchased after 1 July 1946 by Treasury check;

(2) The additional lire converted to dollars for authorized personnel of the United States Forces, NOT to exceed in any event three million five hundred thousand dollars.

(C) To protect the United States Forces, including Official, quasi-Official, and personnel funds, in accordance with the provisions of the note of 22 February 1946 from the Italian Ministry of Treasury to the United States Treasury Representative at ROME, against any loss resulting from the devaluation of lire. Provisions of this paragraph will be applicable to paragraph 1 (C) (2) and shall be taken into consideration in computing amounts due to the Italian Government.

(D) To advise United States Government in advance of any pending change in the rate of exchange."

118

MC IN 726 10 August 1946

REF NO: W 97062

- 4 -

31a

1003

REF NO THIS MESSAGE : W 97062 (cont'd) 10 August 1946

~~Draft Agreement.~~

2. In approving the foregoing draft agreement, the State, War and Navy Departments simultaneously agreed that:

(A) "While local procurement by US Forces in ITALY will be carried out by purchase rather than requisition under present circumstances, this procedure shall NOT prejudice any future decision to procure by requisition should developments so require.

(B) That in practice direct maintenance of US Forces in VENEZIA GIULIA will be narrowly defined by the Mediterranean Theatre Commander and that a generous attitude will be adopted toward the Italian Government as regards expenditures outside VENEZIA GIULIA, UDINE, and J'ENDOLA Airport for "direct maintenance".

NOTE : W-90819 IC IN 1064A 12/6/46 G-5

ACTION : G-5

INFORMATION : C/S MTO SACS G-3(MTO) G-2 G-1
G-4 JAG US POLAD IC AG FISC DIR
SIGNALS BRIT POLAD G-3 (AFHQ)

PARAPHRASE UNNECESSARY
RESTRICTED

MC IN 726 10 August 46 2100B REF NO: W 97062

under present circumstances, this procedure shall not prejudice any future decision to procure by requisition should developments so require.

(B) That in practice direct maintenance of US Forces in VENEZIA GIULIA will be narrowly defined by the Mediterranean Theatre Commander and that a generous attitude will be adopted toward the Italian Government as regards expenditures outside VENEZIA GIULIA, UDINE, and FENDOLA airport for "direct maintenance".

NOTE : W-90819 MC IN 1064A 12/6/46 G-5

ACTION : G-5

INFORMATION : C/S MTO SACS G-3(MTO) G-2 G-1
G-4 JAG US POLAD IG AG FISC DIR
SIGNALS BRIT POLAD G-3 (AFHQ)

PARAPHRASE UNNECESSARY
RESTRICTED

MC IN 726 10 August 46 2100H REF NO: W 97062

- 5 -

31a

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

W-90819

11 June 1946

"MODIFIED DRAFT OF MILITARY AND CIVIL AFFAIRS
AGREEMENT BETWEEN THE UNITED STATES AND ITALY."

* * * * *

* * * * *

* * * * *

EXTRACT

8. The financial terms and conditions covering the supply of Italian lira to the UNITED STATES Forces, payment thereof and payment for services and facilities and related questions set forth in the Armistice agreement, dated 29 September 1943, shall continue to govern the financial relations between the UNITED STATES Forces and the Government of ITALY up to and including 30 June 1946, NOT withstanding the abrogation of that Armistice Agreement.

9. (a) Occupation cost exclusive of net troop pay for the direct maintenance of UNITED STATES Forces in VENEZIA GIULIA and the Province of UDINE shall continue as heretofore to be a charge against the Italian Government.
- (b) The cost of all services and facilities NOT covered under paragraphs 8 and 9 (a), made available to the UNITED STATES Forces shall, from 1 July 1946, be the responsibility of the UNITED STATES Government and shall be paid for in dollars currently.
- (c) The conditions of payment on which services and facilities are made available to the UNITED STATES in ITALY, together with the financial questions such as the supply of Italian currency to the UNITED STATES Forces, shall be subject of a separate agreement, effective as of 1 July 1946. These arrangements include the establishment of a lira account through which medium the Italian Government shall reimburse the U.S. Forces for lira payments made by U.S. disbursing officers in payment of expenses which, under the new Financial agreement, are properly chargeable to the Italian Government. The UNITED STATES Forces shall establish such procedures as are necessary to implement the new Financial Agreement.

EXTRACT

8. The financial terms and conditions covering the supply of Italian lira to the UNITED STATES Forces, payment thereof and payment for services and facilities and related questions set forth in the Armistice agreement, dated 29 September 1943, shall continue to govern the financial relations between the UNITED STATES Forces and the Government of ITALY up to and including 30 June 1946, NOT withstanding the abrogation of that Armistice Agreement.

9. (a) Occupation cost exclusive of net troop pay for the direct maintenance of UNITED STATES Forces in VENEZIA GIULIA and the Province of UDINE shall continue as heretofore to be a charge against the Italian Government.
- (b) The cost of all services and facilities NOT covered under paragraphs 8 and 9 (a), made available to the UNITED STATES Forces shall, from 1 July 1946, be the responsibility of the UNITED STATES Government and shall be paid for in dollars currently.
- (c) The conditions of payment on which services and facilities are made available to the UNITED STATES in ITALY, together with the financial questions such as the supply of Italian currency to the UNITED STATES Forces, shall be subject of a separate agreement, effective as of 1 July 1946. These arrangements include the establishment of a lira account through which medium the Italian Government shall reimburse the U.S. Forces for lira payments made by U.S. disbursing officers in payment of expenses which, under the new Financial agreement, are properly chargeable to the Italian Government. The UNITED STATES Forces shall establish such procedures as are necessary to implement the new Financial Agreement.

31a

RESTRICTED

R E S T R I C T E DMEMORANDUM

TO : Mr. Key
Mr. Livengood

FROM : Mr. Greene

I attach herewith a copy of a letter from AFHQ to Admiral Stone dated August 12, together with its enclosures, containing a draft agreement concerning financial matters supplemental to the draft US Military and Civil Affairs Agreement. In handing this correspondence to me, Admiral Stone asked if he could have the Embassy's views so that he may comply with the instructions in AFHQ's letter.

I shall be glad to transmit the Embassy's views to Admiral Stone if you wish me to.

Attachment as stated above

cc - Admiral Ellery W. Stone ✓

102-2/10

110

31

1009

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

785015

Copy to file removed
to file @ 3753

30

114

1010

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

785015

BEST COPY POSSIBLE

1011

785015

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: W 95799

Message Centre No: H/5189

Date/Time of Origin: JULY 27

Date Time Rec'd: JULY 31 1315B

Precedence: PRIORITY

FROM: AGWAR THE JOINT CHIEFS OF STAFF

TO : CONCERNED TO LEE

CONFIDENTIAL

CONFIDENTIAL:

The following , received from the State, War , and Navy Departments, is furnished in reply to your FX 68153 dated 23 June 1946. 23

" If, in the course of negotiations with the Italian Government, the Commanding General finds it desirable to make editorial changes, there would be no objection thereto provided that such changes do not alter the meaning of the approved text. For example, appropriate language may be used, without altering the meaning of the original text, to assure the Italians that it is not intended that the agreement should authorize the purchase or export of works of art. "

NOTE: FX 68153 MC out 817 23/6/46 G-5

ACTION : G-5

INFORMATION: SACS C/S MTO US POLAD BRIT POLAD G-3 (AFHQ)

AC DIST

INFO ACTION - SO TO CC

EX COMR

FOLD (A)

POLAD (B)

INFO - FILE

FLOAT 2

CONFIDENTIAL

INFO - ACTION



29

SECRET

ALCOA AGCC FROM ADMIRAL STONE

180915B JULY 1946

ATTN: FOR GEORGE FIVE CMA MTOUSA FOR COMBINED

1216

SECRET

IN MEETING YESTERDAY WITH PRIME MINISTER HE STATED THAT NOW NEW GOVERNMENT WAS FORMED
 HE HOPED TO FORWARD LATE THIS WEEK OR EARLY NEXT WEEK ITALIAN GOVERNMENT COMMENTS
 AND QUOTE COUNTERPROPOSALS UNQUOTE TO AMERICAN AND BRITISH AGREEMENTS ACCOMPANYING
 PROPOSED REVISED AMISTICE PD
 PARA TWO PD HE STATED THAT THE FOREIGN OFFICE WAS OF THE VIEW CMA ALTHOUGH FINAL
 DECISION HAD NOT YET BEEN TAKEN CMA THAT THESE AGREEMENTS MAY HAVE TO BE SUBMITTED
 TO THE CONSTITUENT ASSEMBLY PURSUANT TO THE DECREE OF SIXTEEN MARCH WHICH CREATED
 THE CONSTITUENT ASSEMBLY

DISTRIBUTION:

US Ambassador
 BR Ambassador
 US Polad
 BR Polad
 VP CA Sec
 EX COPY
 CC ✓

PRIORITY

Chief Commissioner

222

HERBERT R. STONE
 Rear Admiral, USNR
 Chief Commissioner

SECRET

112

(2.8)

1013

785015

Ref. : 615/EG.

6 July 1946.

My Dear Dr. De Gasperi,

I have pleasure in informing you that the draft of the United States - Military Civil Affairs Agreement, which was previously classified "Secret", has now been re-classified as "Restricted".

This does not, however, permit the release of this document to the press.

Yours Very Truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

102-2/10

See (26) for authy
JVM

Doctor Alcide De Gasperi,
Italian Government,
Rome.

111

27

CROSS REFERENCE SHEET

M/C No. 5142

FROM : AFHQ SIGNED SACMED
TO : AGWARWASHINGTON FOR COMBINED CHIEFS OF
STAFF, CABINET OFFICES WHITEHALL FOR
BRITISH CHIEFS OF STAFF (ACTION)
ALCOM ROME: CINCMED: AND COMNAVME (INFO)

Date/TOR: 051814-B

REF : FX 68764 CITE FHGCT

SECRET

This id NAF 1173 - FAN 670 refers

SUBJECT: Abolition of AC and Organization of new replacement

11 116/CC
SEE 117a in 202/CC

102-2/CC

114

26a

1015

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

785015

e/e

0 5436

JULY 011050H

H/4214

JULY 011045

PRIORITY

ATTN: RUCOF E-5

ATTN: RUCOF

UNCLASSIFIED.

15a

US DRAFT MILITARY/CIVIL AFFAIRS AGREEMENT RECLASSIFIED AS RESTRICTED.
INFORM ITALIAN GOVERNMENT BUT CAUTION THAT RESTRICTED DOES NOT PERMIT
RELEASE TO PRESS.

AC DINT

ACTION: WING COMMISSIONER
INFO: CHIEF COMMISSIONER
POLAD (A)
POLAD (B)
FICAT 2
FILE

102-2/c

B

3

104

26

1016

JUN 25 1945

C/C

F 68162

H/4169

241100 -B

JUNE 25 1945

PRIORITY

SIGNED CONCERNED CITE HAGEG

ALCOM ROME

SECRET

SECRET

24

AMENDMENTS TO CABLE: DELETE " FROM AFHQ FROM G-5 " RE YOUR F 68152 OF 23 JUNE (IN)
FOR " SIGNED SACRED CITE HAGEG" READ " SIGNED CONCERNED CITE HAGEG".

AC LIST

ACTION: EX COMR 2

INFO : CHIEF COMMR

FOIAD A

FOIAD B

FILE

SKELTON

SECRET

Correction entered
on CC copy 25 June.
JSD

25

1017

785015

Cipher Call removed
to file @ 2753

(24)

208
102

1018

785015

C/C

H/4128

~~H/4128~~

JUNE 23 1500H

TX 68153

JUNE 23 1318

ROUTINE

AREA 05 STURGEON GENERAL CITE HIGH

AGWAR WASHINGTON

SECRETARY OF DEFENSE

INFO: ALCON ROME

CONFIDENTIAL

CONFIDENTIAL:

Request instructions as to latitude authorized U. S. forces in Italy to enter present draft of US military and civil affairs agreement with Italy without reference to JCS. Ref # 90819. While Italian Government not yet prepared to discuss agreement, it is apparent that numerous questions will arise many of minor nature. Informally advised for instance that Italians fear para 6 B will permit us to buy and export national works of art and make Italian Government a party to the deal.

AC LIST

INFO ACTION - EX COMAR 2

INFO - CHIEF COMMISSIONER

FILE

SKETCH

108

CONFIDENTIAL

See (29)

23

1019

785015

JUN 24 RECD



321/31/46

*With the compliments of
His Majesty's Ambassador at Rome*

22nd June, 1946

Rear Admiral Elery W. Stone, USN. KBE.
Chief Commissioner
Allied Commission

22a

M 100

321,31/46

M E M O R A N D U M

In order to ensure that conflicting requests are not submitted to the Italian Government by British and United States authorities under their respective military and civil affairs agreements with Italy, His Majesty's Government in the United Kingdom have advised SACMED of the desirability of devising suitable machinery for consultation and co-ordination for this purpose.

His Majesty's Government would feel unable to agree to the insertion in the draft of the agreement between the United Kingdom and Italy of any clause explicitly providing for such co-ordination implying, as it would, disagreement between the British and United States High commands in this matter which is, in any case, no concern of the Italian Government. Moreover it would not be desired to introduce a new point of substance into the draft agreement which, the Italian authorities have been given to understand, is open to discussion only on points of detail. His Majesty's Government accordingly hope that the United States authorities will agree similarly to omit any such clause from the United States-Italian draft agreement.

A communication on the above sense is being made to the State Department by His Majesty's Ambassador in Washington.

Rome.

22nd June, 1946.

- 10 -

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*Copied into
Removed to file 993753*

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C/C

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JUNE 211144 B

H/4081
JUNE 201445
ROUTINE

AFHQ SIGNED SACRED CITE FHGEG
ALCOM ROME

CONFIDENTIAL

CONFIDENTIAL.

Herewith text of AGWAR signal W-91957:

- "1. Reference your radio FX 6784019 June 1946 (192)
2. No objection allowing ussr representative alcom to view United States Military and civilian affairs draft agreement with ITALY.
3. Copy of draft agreement has been furnished ussr Embassy WASHINGTON by state department"

AC DIST

ACTION EX COMM 2
INFO CHIEF COMMISSIONER
FILE
SKELETON

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SECRET

SECRET

ALCOM CITE FROM ADMIRAL STONE

211900Z JUNE 1946

COMOEMED MPOUSA

3819

SECRET

RE UNCLE SUGAR CIVIL AFFAIRS AGREEMENT CMA ITALIAN GOVERNMENT DESIRES TO KNOW IF
 FIRST SENTENCE IN PARA SIX BAKER IS LIMITED TO PROPERTY IN ITALY AT TIME OF SIGNING
 OF AGREEMENT PD THE POINT IS THAT THEY ARE RESISTANT TO SIGN A BLANKET COMMITMENT
 WHICH WOULD ENABLE THE UNITED STATES TO PURCHASE ANY PROPERTY SUCH AS NATIONAL
 WORKS OF ART WHICH UNDER PARA SIX BAKER THEY COULD NOT REFUSE TO PERMIT TO BE
 REMOVED PD THEY FURTHER POINT OUT THAT UNDER ^{AND} ~~THE~~ ZONE ABLE FOR EXAMPLE THEY
 ARE POWERLESS TO PREVENT PURCHASE BY UNCLE SUGAR OF ANYTHING PD PARA TWO PD
 REQUEST INSTRUCTIONS

DISTRIBUTION:

Polad A
 Polad B
 Ex Comar
 CG Files ✓

See (24)

PRIORITY

Chief Commissioner

222

ELIERY W. STONE
 Rear Admiral, USNR
 Chief Commissioner

1, 201

SECRET

SECRET

(21)

1024

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SECRET

HQ ALCOM CITE AGSCC FROM ADMIRAL STONE

201730B JUNE 1946

AFHQ FOR GEORGE FIVE BRITISH RESMIN UNCLE SUGAR POLAD

3802

SECRET

I HAVE HAD PERSONAL DOUBTS FOR SOME TIME AS TO OUR RIGHTS UNDER THE ARMISTICE TO HOUSE ~~NEVER~~-AND DEPENDENTS OF MEMBERS OF ARMED FORCES AND SUCH CIVILIANS AS MEMBERS OF ADVISORY COUNCIL IN QUARTERS REQUISITIONED FROM THE ITALIAN GOVERNMENT PD I HAVE JUST RECEIVED OPINION FROM CHIEF LEGAL ADVISOR DATED TWENTY JUNE IN WHICH HE EXPRESSES THE VIEW THAT NEITHER EXISTING ADDITIONAL TERMS OF SURRENDER NOR THE PROPOSED BRITISH AND UNCLE SUGAR CIVIL AFFAIRS AGREEMENTS AUTHORIZE THE USE BY WIVES AND DEPENDENTS OF REQUISITIONED QUARTERS PD PARA TWO PD IT IS RECOMMENDED THAT SUITABLE CLAUSES BE INSERTED IN BOTH AGREEMENTS TO COVER THIS POINT

DISTRIBUTION:

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CC Files ✓
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Polad B

PRIORITY

Chief Commissioner

222

ELLEN W. STONE
Rear Admiral, USNR
Chief Commissioner

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

785015

JUN 21 1963

FX 67940
JUN.191532B

H/4027
JUN.191730
ROUTINE

AFHQ SIGNED CONGEMNED CITE NAGEG
AGWAR WASHINGTON INFO ALCON ROME

CONFIDENTIAL

CONFIDENTIAL.

Ussr representative on Allied Commission has requested permission to view us military and civil affairs draft agreement with Italy. US Embassy Rome States no objection. No military objection here Request decision urgently. Reported that similar request made reference British-Italian agreement and that permission to view would be given.

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1050/10

AC DIST

INFO ACTION
INFO
EX COMM
CHIEF COMMISSIONER
FILE
SKELETON

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CONFIDENTIAL

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SECRET

HQ ALCOM CITE ACSEC

190920B JUNE 1946

COMMANDING GENERAL MTOUSA

3767

SECRET

18

DELETE WORDS QUOTE SLASH UNQUOTE IN MY THREE SEVEN FOUR ZERO DATED
SEVENTEEN JUNE

DISTRIBUTION:

Ex Comstar

CC Files ✓

SECRET

98

PRIORITY

Chief Commissioner

19

222

MILBY W. STONE
Rear Admiral, USNA
Chief Commissioner

1027

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HQ ALCOM

JUNE 171800 46B

COMMANDING GENERAL, MTOUSA

3740

SECRET

PARA ONE PD SEE MY 3739 to G-5 DATED 17 JUNE PD

PARA TWO PD THE CRITICAL TONE OF THIS ARTICLE LEADS ME TO REPEAT MY
REPRESENTATION THAT UNCLE SUGAR ~~(SLASH)~~ UNCLE KING AGREEMENTS BE DECLASSIFIED
AS SECRET DOCUMENTS CMA THE CONTINUANCE AS SUCH MAY WELL LEAD TO RESURRECTION
OF REPORTS IN UNCLE SUGAR PAGES SOME WEEKS AGO THAT SECRET AGREEMENTS ARE BEING
PERPETRATED PD

100-2/10

see (19)

PRIORITY

EX COMMISSIONER

343

M. S. LUSH, BRIGADIER
EXECUTIVE COMMISSIONER

CRESCENT A RAGONA
1st Lt TC

(18)

HQ ALCOM

JUNE 171800 46B

AFHQ FOR G-5

3739

SECRET

UNITA PAREN COMMUNIST PAREN NEWSPAPER ROME OF JUNE ONE SEVEN GIVES ACCURATE
SUMMARY OF BRITISH CIVIL AFFAIRS AGREEMENT WITH CAPTION QUOTE UNEXPECTED PROJECT
FOR BRITISH COLONIZATION OF ITALY PD CLAUSES OF NEW ARTICLES WORSE THAN OLD
ARMISTICE TERMS AND COMPROMISE ITALIAN INDEPENDENCE UNQUOTE PD ALTHOUGH
ARTICLE PURPORTS TO EMANATE FROM PARIS AND IS COMBINED WITH MOLOTOVS STATEMENT
ON ITALY IN PARIS ON ONE FIVE JUNE MATERIAL ON CIVIL AFFAIRS AGREEMENT MAY
EQUALLY WELL HAVE ISSUED FROM HERE PD

100-974

PRIORITY
EX COMMISSIONER

M. S. LUSH, BRIGADIER
EXECUTIVE COMMISSIONER

CRESCENT A RAGON
1st Lt

17

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1045
1045

TOP SECRET

TOP SECRET

ALLIED FORCE HEADQUARTERS
Mediterranean Joint Planning Staff

P/329(FINAL)

15 June 1946.

Copy No. 32

BRITISH AND U.S. CIVIL AFFAIRS
AGREEMENTS

ANALYSIS OF FINAL DRAFTS

In accordance with verbal terms of reference from the
Chief of Staff, the MJPS has prepared the attached final paper.

AWI/coc

DISTRIBUTION :-

List 'A'

Plus : 'Q'

102-2/05
+ 1002-2/06
93
Perry M. Smith
Colonel, GSC,
Actg A.C. of S, G-3.
Chairman.

✓

1030

785015

Copy No 32

BRITISH AND U.S. CIVIL AFFAIRS
AGREEMENTS

ANALYSIS OF FINAL DRAFTS

In accordance with verbal terms of reference from the
Chief of Staff, the MJPS has prepared the attached final paper.

102-2/cc
+1002-2/cc
92
Philip H. Smith
PHILIP H. SMITH,
Colonel, GSC,
Actg A.C. of S, G-3.
Chairman.

AWI/coc

DISTRIBUTION :-

List 'A'

Plus : 'Q'

✓

TOP SECRET

File
cc: file
gms cc
(16)

P/329 (FINAL)

TOP SECRET

ALLIED FORCE HEADQUARTERS

Mediterranean Joint Planning Staff

BRITISH AND U.S. CIVIL AFFAIRS

AGREEMENTS.

ANALYSIS OF FINAL DRAFTS.

OBJECT :

1. To make an analysis of the major points of disparity in the British and U.S. Civil Affairs Agreements and to examine the desirability of making further representations to the War Office or War Department with a view to bringing the agreements into closer harmony.

INTRODUCTION :

2. The final drafts of the British and U.S. Civil Affairs agreements have been received through Foreign Office and War Department channels respectively (attached at Appx 'A' and 'B'), with instructions that they should be negotiated with the Italian government, on the British side by H.M. Ambassador in Rome and on the U.S. side by CG MTOUSA, to come into force simultaneously with the Agreement modifying the Italian Armistice Regime.

3. The first draft of both agreements was received at AFHQ in October 1945. They were then studied together by the MJPS (See P/312 and P/313) following which comments were forwarded to the War Office and the War Department. The effect of these comments was to recommend that the two drafts, while remaining national in character should be made to approximate as far as possible in both their provisions and their detail.

4. Revised drafts were received for comment by GHQ CMF in February of this year, and by HQ MTOUSA in April. These were examined individually by Headquarters concerned and further comments and recommendations were sent back. Although the study of each took the Allied view point as far as possible into consideration, coordination of replies was handicapped by the difference in the time of receipt. Both revised drafts were found to have incorporated many of the MJPS' original suggestions and were in greater general harmony than their predecessors. There remained nevertheless certain outstanding points of difference.

5. The Final drafts show still further progress in eliminating the differences, although they have not yet entirely disappeared. While H.M. Ambassador and CG MTOUSA have undefined latitude in the negotiation of the agreements, it must be assumed that no major changes in their substance can be made without reference to the Governments concerned. At the same time

1. To make an analysis of the major points of disparity in the British and U.S. Civil Affairs Agreements and to examine the desirability of making further representations to the War Office or War Department with a view to bringing the agreements into closer harmony.

INTRODUCTION :

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5. The Final drafts show still further progress in eliminating the differences, although they have not yet entirely disappeared. While H.M. Ambassador and CG MTOUSA have undefined latitude in the negotiation of the agreements, it must be assumed that no major changes in their substance can be made without reference to the Governments concerned. At the same time, there is strong governmental pressure to accelerate the signing of the agreements with the Italian Government as on their conclusion depends the Agreement modifying the Armistice Regime. It is clear, therefore, that any further revisions which are recommended to the War Office or War Department can only be permissible where major issues are at stake.

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ANALYSIS OF DISPARITIES :

6. For convenience sake the analysis is carried out under the following headings:

- a. Basic Disparities.
- b. U.S. provisions absent in British Agreement.
- c. British provisions absent in U.S. Agreement.

The majority of the disparities outlined below arise from a difference of approach to the Italian government by the U.S. and British governments. (At Appendix 'C' is a table of cross references to assist in comparison of British and U.S. drafts.)

7. BASIC DISPARITIES :

- a. Timing. U.S. - para 21.

British - para 3 of NOTE to PRESIDENT of the COUNCIL. The U.S. Draft states that the agreement will remain in force so long as there are U.S. forces in AUSTRIA or ITALY, and for not longer than 3 months after their withdrawal. The British draft asks that the Agreement remain in force until terminated by mutual agreement.

- b. Financial Provisions - U.S. - paras 8 and 9

British - paras 18(i) and 18(ii).

The U.S. Agreement continues present arrangements until 30 June 1946, and provides for the conclusion of a separate financial agreement to be effective on and after 1 July 46. The British Agreement makes overall financial provisions which differ fundamentally from the U.S. provisions. In particular, by the U.S. Agreement costs of the U.S. occupation of VENEZIA GIULIA and UDINE remain a charge against the Italian government, by the British they do not.

(NOTE: Clarification of British financial clause was sought by MGA in Cable F-67307 of 6 June 46).

- c. Displaced Persons - U.S. - para 16

British - para 6

U.S. agreement requires Italian government to hold P/W, DP's, War Criminals, etc., if so requested by the Commanding General. British agreement requires only that the Italian government afford facilities for movement and maintain-

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U.S. agreement requires Italian government to hold P/W, DP's, War Criminals, etc., if so requested by the Commanding General. British agreement requires only that the Italian government afford facilities for movement and maintenance of such persons.

(NOTE: This has already been represented to War Office by Civil Affairs GHQ in F-61795 of 4 June, with a request for a new para to equate British with U.S. agreement.)

d. Radio Frequencies - U.S. - para 4

British - para 4(c)

British Agreement demands priority in allocation of frequencies to British Forces. U.S. Agreement simply requires Italian cooperation in the allotment of frequencies.

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TOP SECRET

e. Trial of Italian Civilians arrested by Allied Forces.

U.S. - para 12

British - para 13

British Agreement demands priority for trial by Italian courts of Italian offenders against British forces. U.S. Agreement requires only that "necessary arrangements for such trials be made," demanding no special priority.

f. Difficulties arising from Interpretation of Agreement.

U.S. - para 14

British - para 20

The British require that any disputes arising under these circumstances be settled by the British High Command. U.S. State only that such questions will form a basis for further discussions with the Italian government.

8. U.S. PROVISIONS ABSENT IN BRITISH AGREEMENT:

a. Control of Epidemics - U.S. - para 2(d).
Requires Italian aid in prevention of epidemics affecting U.S. forces.

b. U.S. Property in ITALY - U.S. - para 6(b)
Given freedom of access to and removal of U.S. property in ITALY, and demands Italian government to force delivery if so required.

c. U.S. Surpluses - U.S. - para 6(c)
Disposal of U.S. surplus property to Italian government to be solely in accordance with overall inter-Governmental Agreement.

d. Military Petroleum Pipelines - U.S. - para 6(d)
Demands right of way and access to all military petroleum pipelines and installation in ITALY as required.

e. Demand on Italian Manufacturing Capacity - U.S. - para 7(b)
Requires continued availability of Italian manufacturing capacity to meet U.S. Military needs, so far as may be reasonably practicable.

f. Payment for Supplies and Services - U.S. - para 7(d)
Payment to be made by U.S. forces direct to agency or individual supplying goods, labour or services.

g. Jurisdiction over Displaced Persons - U.S. - para 16(a) 9d
In addition to the right to hold displaced persons, the CG resolves the right to exercise jurisdiction over them

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- g. Jurisdiction over Displaced Persons - U.S. - para 16(a) 90
In addition to the right to hold displaced persons, the CG resolves the right to exercise jurisdiction over them.
- h. Arrangement for Cemeteries and Monuments - U.S. - para 17
Such arrangements noted as being subject of separate agreement.
- i. Conflict of demands between U.S. and British Forces - US - para 22
In the event of conflicting requests by Commander of U.S. and British (or other) forces within the terms of Civil Affairs Agreements, Italian government is to bring this to the attention of Commanding General's concerned for settlement between them or their governments.

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BRITISH PROPOSALS FOR AN AMERICAN AGREEMENT:

a Facilities and Treatment - Brit para 1(ii).

Basic provision is made to ensure the appropriate minimum facilities and facilities for British forces in Italy.

b Air Traffic Control - Brit para 3(v).

Demands right to participate in any Italian organization for control of air-traffic passing over Italy.

c Trial by Military Courts - Brit para 11(a).

Offences committed before effective date of Agreement

Reserves right to try by M.G. courts any offences against A.S. or British forces committed before this Agreement comes into force.

d Trial by Military Government of War Crimes - Brit para 11(b).

Right to conduct such trials by Military Courts is reserved.

e Arrest of Persons endagering British Security - Brit para 12(c).

Italian Government is required to detain on request any person deemed to be a danger to the security of the British forces.

CONCLUSIONS :

10. The majority of the disparities have been pointed out at least once to the War Office and War Department, and from the fact that they have been left uncoordinated it may be deduced that the governments concerned do not wish them altered.

11. Among these disparities there are certain anomalies which require settlement in the Allied interest. These are :

- a Displaced Persons - Ref para 7(c)
- b Settlement of Conflicting Demands - " " 8(h)

These have already been covered in the U.S. Agreement, and have been taken up with War Office by CMF. In the case of (b), para 22 of the U.S. Agreement which deals with the settlement of conflicting demands, does not agree with either the recommendation of the CG MCOUSA (F 67393 of 8 June refer) or the recommendation of SACMED (FX 67404 refer) that the matter should be referred to the SUPREME ALLIED COMMANDER for coordination.

Reserves right to try by M.G. courts any offences against M.G. or British forces committed before this Agreement comes into force.

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 - Brit para 11(b).
 - Right to demand such trials by Military Courts

- e Arrest of Persons endangering British Security
 - Brit para 12(c).

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12. The remaining points of disparity primarily affect "national" interests and so not prejudice Allied Military policy. Of these it is considered however that before the Agreements are concluded, reference should be made to the War Office and War Department by GAF and HQ MTOUSA on the following :

To the War Office

Financial Provisions

To the War Department

- (a) Financial Provisions
 - ref para 7 (b)
- (b) Arrest of Persons endangering security of forces
 - ref para 9 (e)

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13. RECOMMENDATION

That for the purposes of record the signals at Flags A and B which have been despatched to the War Department and War Office should be attached to this paper.

Perry McO. Smith
PERRY McO. SMITH,
Colonel, GSC.,
Actg A.C of S, G-3.
Chairman.

AWI/coc

15 June 46.

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F. M. McO. Smith
PERRY McO. SMITH,
Colonel, GSC.,
Actg A.C of S, G-3.
Chairman.

AWI/coc

15 June 46.

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DRAFT NOTE TO THE ITALIAN PRESIDENT OF THE

TOP SECRET

COUNCIL AND MINISTER FOR FOREIGN AFFAIRS.

Discussions have taken place between representatives of the United Kingdom and Italy concerning the arrangements which shall govern the position of the forces under the British High Command, who may continue to be present in or who may be passing through Italy in connexion (with the maintenance of lines of communication) and the occupation of Austria and Venezia Giulia.

2. These discussions have led to the agreement set out in the Annex to this note.

3. I have the honour to inform Your Excellency that His Majesty's Government in the United Kingdom have considered and approved this annex which they propose shall come into force on [date of signature of the agreement revising the Armistice Terms] and shall remain in force until terminated by mutual agreement.

4. I should be grateful if you would inform me whether the Italian Government likewise approve the arrangements in the

Annexe and the proposal regarding its period of validity and if so whether they agree that the present note and Your Excellency's reply shall be regarded as constituting an agreement between our two Governments in this matter.

[28.5.46.]

Annexe/

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[28.5.46.]

Annexe/

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annex [to Note to the Italian President of the Council
and Minister for Foreign Affairs].

1. (i) The Italian Government recognise the right of the Government of the United Kingdom to maintain in Italy, (which for the purposes of this Agreement denotes all territory under the administration of the Italian Government as well as the province of Udine and that part of Venezia Giulia at present under Allied Military Government under the Supreme Allied Commander) forces under the British High Command (or under the Supreme Allied Commander) including persons of non-Italian nationality employed by, in the services of, accompanying or following those forces (such forces and persons being hereinafter referred to as "the British forces") in connexion with the maintenance of lines of communication and the occupation of Austria and Venezia Giulia.

(ii) The provisions of this Agreement are designed to ensure the appropriate immunities and facilities as regards the British forces when present in, or passing through, Italy and as regards all equipment and stores, belonging to such forces, or destined for their use either inside or outside Italy.

(iii) Supplementary agreements of detail on particular questions will be made as required between the British High Command and the

[28.5.46.]

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that part of Venezia Giulia at present under Allied Military Government under the Supreme Allied Commander) forces under the British High Command (or under the Supreme Allied Commander) including persons of non-Italian nationality employed by, in the services of, accompanying or following those forces (such forces and persons being hereinafter referred to as "the British forces") in connexion with the maintenance of lines of communication and the occupation of Austria and Venezia Giulia.

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(iii) Supplementary agreements of detail on particular questions will be made as required between the British High Command and the appropriate Italian authorities.

[26.5.46.]

2. The/

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

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2. The British forces shall have full and unrestricted right to enter, stay in and depart from Italy, including the right to navigate in Italian territorial waters and to fly over Italy on passage in that country or elsewhere. (The necessary technical arrangements for notifying such movements to the Italian authorities shall be made between the British High Command and the competent Italian authorities).

3. (1) The British forces shall be accorded all facilities services and priorities they may require for the use of Italian ports (including dockyards, and ship repairing facilities), airfields, railways, coastwise shipping, inland waterways, roads, posts and telecommunications. The requirements of the British forces shall be notified by the British military authorities to the competent Italian authorities.

(ii) In particular the British High Command shall have the right to designate for mutual convenience special areas in Italian ports for the exclusive use of the British forces or for other purposes sanctioned by the British High Command. Such areas will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the port facilities

to the Italian authorities shall be made between the British High Command and the competent Italian authorities).

3. (i) The British forces shall be accorded all facilities services and priorities they may require for the use of Italian ports (including dockyards, and ship repairing facilities), airfields, railways, coastwise shipping, inland waterways, roads, posts and telecommunications. The requirements of the British forces shall be notified by the British military authorities to the competent Italian authorities.

(ii) In particular the British High Command shall have the right to designate for mutual convenience special areas in Italian ports for the exclusive use of the British forces or for other purposes sanctioned by the British High Command. Such areas will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the port facilities situated therein.

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(iii) The Italian Government agree to reserve for the exclusive use of the British forces such special airfields and alighting areas, with all the necessary facilities and accommodation, as may be designated by the British High Command. Such areas will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the facilities situated therein.

(iv) The British High Command shall have the right, if it deems necessary, to take over the control or operation, or assist with the operation of any section, of the Italian transport system, including the right to effect any necessary repairs.

(v) The British High Command shall have the right to participate in any organisation that the Italian authorities may set up for the air traffic control of Aircraft flying over Italian territory.

4. In order to meet the signals and postal requirements of the British forces, the Italian Government will grant the following facilities to the British High Command:-

(a) Full access to, and use of, Italian telecommunications, radar and other communication services, including radio aids, as may be required

will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the facilities situated therein.

(iv) The British High Command shall have the right, if it deems necessary, to take over the control or operation, or assist with the operation of any section, of the Italian transport system, including the right to effect any necessary repairs.

(v) The British High Command shall have the right to participate in any organisation that the Italian authorities may set up for the air traffic control of aircraft flying over Italian territory.

4. In order to meet the signals and postal requirements of the British forces, the Italian Government will grant the following facilities to the British High Command:-

(a) Full access to, and use of, Italian telecommunications, radar and other communication services, including radio aids, as may be required for the purposes of the British forces.

(b) The right to construct, maintain and operate such radio and radar stations and landline

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communications networks as may from time to time prove to be necessary for naval, military or air purposes.

(c) The competent Italian authorities will (1) co-operate with the British Forces in regard to the co-ordination, regulation and allocation of all frequencies required for radio communications networks and radar installations and (2) accord to the British Forces priority in the use of those frequencies which are essential to their purposes.

(d) The British forces shall be granted the right to conduct a postal system and to retain existing postal arrangements and franking privileges.

5. The Italian Government will make available to the British forces such lands, buildings, installations, covered storage and similar facilities notified by the British High Command as may be from time to time required by the British forces for the accommodation, maintenance, and training of troops, the operation and housing of aircraft, the storage of equipment, stores and supplies, or any other purpose. Any necessary requisitions will be carried out by the Italian Government.

6. (a) The British High Command shall have the right to detain enemy or ex-enemy prisoners of war or

frequencies required for radio communications networks and radar installations and (2) accord to the British Forces priority in the use of those frequencies which are essential to their purposes.

(d) The British forces shall be granted the right to conduct a postal system and to retain existing postal arrangements and franking privileges.

5. The Italian Government will make available to the British forces such lands, buildings, installations, covered storage and similar facilities notified by the British High Command as may be from time to time required by the British forces for the accommodation, maintenance, and training of troops, the operation and housing of aircraft, the storage of equipment, stores and supplies, or any other purpose. Any necessary requisitions will be carried out by the Italian Government.

6. (a) The British High Command shall have the right to detain enemy or ex-enemy prisoners of war or disarmed personnel, persons accused of war crimes, security suspects and other internees in camps on Italian territory.

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(b) The British High Command shall also have the right to detain displaced persons and refugees.

(c) The Italian Government will afford the British military authorities such assistance and facilities as they may require for the maintenance and movement of persons mentioned in (a) and (b) above.

7. The British forces shall have the right to engage local civilian labour either directly or through the intermediary of the competent local Italian authorities.

8. The British forces shall have the right to purchase local produce, supplies and manufactured goods in Italy, either directly or through the intermediary of the competent local Italian authorities. In order that such purchases may not have an adverse effect upon Italian economy, the British High Command will consult with the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchases by the British forces.

9. British Service courts and authorities shall have exclusive jurisdiction over all members of the British forces, where subject to British naval, military or

and movement of persons mentioned in (a) and (b) above.

7. The British forces shall have the right to engage local civilian labour either directly or through the intermediary of the competent local Italian authorities.

8. The British forces shall have the right to purchase local produce, supplies and manufactured goods in Italy, either directly or through the intermediary of the competent local Italian authorities. In order that such purchases may not have an adverse effect upon Italian economy, the British High Command will consult with the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchases by the British forces.

9. British Service courts and authorities shall have exclusive jurisdiction over all members of the British forces, where subject to British naval, military or air force law.

10. The British High Command shall have the exclusive right to arrange for the trial (by naval courts or other appropriate means) of British merchant/

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merchant seamen and of other merchant seamen of non-Italian nationality serving on board British ships who are accused of having committed any offence.

11. (a) The British High Command reserve the right to conduct and carry to ultimate conclusion the trial by Military Government Courts of any person charged with an offence committed before the effective date of this agreement and cognisable under any proclamation or order heretofore issued by or on behalf of the Allied Military Government, or cognisable under Italian law if committed against persons, property or security of the Allied Forces.

(b) The British High Command reserve the right to conduct and carry to ultimate conclusion the trial by Military Courts of any persons charged with war crimes.

12. (a) The British forces shall have the right to police their own installations, camps and other lands and buildings set aside for their special use and to employ military police patrols in other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the exclusive jurisdiction of the Italian authorities may be arrested by the British service police within such

the trial by Military Government Courts of any person charged with an offence committed before the effective date of this agreement and cognisable under any proclamation or order heretofore issued by or on behalf of the Allied Military Government, or cognisable under Italian law if committed against persons, property or security of the Allied Forces.

(b) The British High Command reserve the right to conduct and carry to ultimate conclusion the trial by Military Courts of any persons charged with war crimes.

24. (a) The British forces shall have the right to police their own installations, camps and other lands and buildings set aside for their special use and to employ military police patrols in other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the exclusive jurisdiction of the Italian authorities may be arrested by the British service police within such installations, camps, lands, buildings, and areas, and be detained by them until they can be handed over to the competent Italian authorities.

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(b) If persons subject to the exclusive jurisdiction of the British Service courts and authorities under paragraphs 9 and 10 above shall be apprehended for offences or suspected offences against Italian law outside the installations, camps, lands, buildings, and areas referred to in the preceding sub-paragraph, they shall be handed over without delay for disposal to the appropriate British Service authorities. A certificate signed by a British officer of field rank or its equivalent that the persons to whom it refers belong to one of the classes mentioned in paragraphs 9 and 10 above shall be conclusive. The procedure for handing over such persons will be a matter for local arrangements.

(c) The Italian Government will arrest and detain at the request of the British High Command any persons deemed to be a danger to the security of British forces in Italy.

13. The Italian Government will make the necessary arrangements for ensuring the trial without delay by Italian courts of persons now subject to the exclusive jurisdiction of British Service courts and authorities, alleged to have committed offences against the persons, property or security of the British

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against Italian law outside the installations, camps, lands, buildings, and areas referred to in the preceding sub-paragraph, they shall be handed over without delay for disposal to the appropriate British Service authorities. A certificate signed by a British officer of field rank or its equivalent that the persons to whom it refers belong to one of the classes mentioned in paragraphs 9 and 10 above shall be conclusive. The procedure for handing over such persons will be a matter for local arrangements.

(c) The Italian Government will arrest and detain at the request of the British High Command any persons deemed to be a danger to the security of British forces in Italy.

13. The Italian Government will make the necessary arrangements for ensuring the trial without delay by Italian courts of persons now subject to the exclusive jurisdiction of British Service courts and authorities, alleged to have committed offences against the persons, property or security of the British forces. The Italian Government will give priority to the trials of such offenders and will inform the British High Command of the disciplinary action taken.

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14. The competent Italian authorities will take the necessary steps to establish machinery for such assistance as may be required for making investigations, collecting evidence and securing the attendance of witnesses in relation to cases triable under British jurisdiction.

15. (a) The Italian Government, in accordance with the arrangements already in force, will continue through its own organisation to examine and dispose of all claims referred to it by the British authorities for compensation for damage or injury preferred by persons resident in Italy, or by corporations having a principal place of business there, against members of the British forces. The British authorities will, in accordance with the existing arrangements, continue to retain certain categories of such claims for examination and disposal themselves.

(b) In all cases arising out of occurrences in which property of the one Government is damaged or destroyed, or in which one Government might otherwise assert against the other claims for death, injury or loss (as distinct from the claims of

witnesses in relation to cases triable under British jurisdiction.

15. (a) The Italian Government, in accordance with the arrangements already in force, will continue through its own organisation to examine and dispose of all claims referred to it by the British authorities for compensation for damage or injury preferred by persons resident in Italy, or by corporations having a principal place of business there, against members of the British forces. The British authorities will, in accordance with the existing arrangements, continue to retain certain categories of such claims for examination and disposal themselves.

(b) In all cases arising out of occurrences in which property of the one Government is damaged or destroyed, or in which one Government might otherwise assert against the other claims for death, injury or loss (as distinct from the claims of individuals), it is agreed that each Government

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will bear its own losses and will forbear from asserting any claims against the other.

16. The British forces and property belonging to them or to their Government shall be exempt from all Italian taxation (including customs). The British High Command will take the necessary steps to ensure that such property is not sold to the public in Italy, except in agreement with the Italian Government.

17. The British High Command will discuss with the appropriate Italian authorities the exercise of jurisdiction in civil matters over the persons referred to in paragraphs 9 and 10 above.

18. (i) The Italian Government will arrange to provide such amounts of Italian currency as the British forces may require and also as may be required by the competent British authorities for His Majesty's ships and vessels owned or chartered by the United Kingdom Ministry of Transport calling at Italian ports on military service during the period of this agreement.

(ii) The United Kingdom Government will give

to them or to their Government shall be exempt from all Italian taxation (including customs). The British High Command will take the necessary steps to ensure that such property is not sold to the public in Italy, except in agreement with the Italian Government.

17. The British High Command will discuss with the appropriate Italian authorities the exercise of jurisdiction in civil matters over the persons referred to in paragraphs 9 and 10 above.

18. (i) The Italian Government will arrange to provide such amounts of Italian currency as the British forces may require and also as may be required by the competent British authorities for His Majesty's ships and vessels owned or chartered by the United Kingdom Ministry of Transport calling at Italian ports on military service during the period of this agreement.

(ii) The United Kingdom Government will give credit to the Italian Government for (a) the net

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lira expenditure by the British forces in Italy and by the competent British Authorities referred to in (i) above during the period of this agreement after allowing for lire receipts from army canteens, etc. and (b) the lire value of Italian supplies and services provided by the Italian Government to the British forces for use in Italy or to British ships during the period of this agreement. These credits shall be in sterling at a fair and realistic rate of exchange (to be decided from time to time by the United Kingdom Government after consultation with the Italian Government) and shall be applied in reduction of the Italian Government's debt to the Government of the United Kingdom for civilian supplies and services provided to the Italian Government or population since 1st September, 1943. The amount of the credit as at (a) will be determined by the United Kingdom Government and notified to the Italian Government from time to time. The amount of the credit as at (b) will be agreed from time to time between the two Governments.

19. The Italian Government will, on request of the British High Command, attach to the British forces Italian officers or civilian officials for liaison duties to assist the British authorities in

forces for use in Italy or to British ships during the period of this agreement. These credits shall be in sterling at a fair and realistic rate of exchange (to be decided from time to time by the United Kingdom Government after consultation with the Italian Government) and shall be applied in reduction of the Italian Government's debt to the Government of the United Kingdom for civilian supplies and services provided to the Italian Government or population since 1st September, 1943. The amount of the credit as at (a) will be determined by the United Kingdom Government and notified to the Italian Government from time to time. The amount of the credit as at (b) will be agreed from time to time between the two Governments.

19. The Italian Government will, on request of the British High Command, attach to the British forces Italian officers or civilian officials for liaison duties to assist the British authorities in the execution of the provisions of this agreement.

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20. The two Governments shall consult together as may be required to remove any difficulties which may arise in the execution of these arrangements and in order to make appropriate supplementary arrangements to cover other questions not dealt with in this agreement. If any dispute arises as to the interpretation of this agreement, it shall be settled by a ruling of the British High Command after consultation with the competent Italian authorities.

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in this agreement. If any dispute arises as to the interpretation of this agreement, it shall be settled by a ruling of the British High Command after consultation with the competent Italian authorities.

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APPX B

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

13 June 1946

"MODIFIED DRAFT OF MILITARY AND CIVIL AFFAIRS
AGREEMENT BETWEEN THE UNITED STATES AND ITALY."

Whereas an agreement modifying the Armistice Regime is being entered into between the UNITED STATES of AMERICA and other Allied Powers, acting on behalf of the United Nations, and ITALY which agreement modifying the Armistice Regime will terminate the rights to the UNITED STATES and its Armed Forces under the previous Armistice Agreements and as a result of the occupation of ITALY:

Whereas it is agreed that certain of these rights must be continued during the period of redeployment of the U. S. Forces in ITALY and during the continued occupation of VENEZIA GIULIA and the Province of UDINE as provided for in the agreement modifying the Armistice Regime:

Whereas during the temporary occupation of AUSTRIA by the UNITED STATES, it will be necessary to insure appropriate provisions to protect the interests of the U. S. Forces temporarily present in or passing through ITALY, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside ITALY in consequence of the Allied arrangements for the occupation of AUSTRIA:

This document downgraded to "RESTRICTED"
as per instructions cbl C 31369 AFHQ G-5 1946
of 1 July 1946.

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Therefore, for the purpose of setting forth the arrangements and rights which it is desired be continued upon, and after conclusion of the agreement modifying the Armistice Regime referred to above, the Italian Government and Commanding General of the U. S. Forces in ITALY, (Hereinafter referred to as the Commanding General) have entered into the following agreement:

1. The U. S. Forces shall have full, free and unrestricted right to enter, pass through, stay in and depart from ITALY including the right to navigate in Italian territorial waters and to have such free passage, as may be required in the interest of the U. S., for all types of aircraft over or within ITALY, including landing at such bases as may be required and the transportation of personnel, material and mail. The necessary technical arrangements for advising the Italian authorities of such movements shall be made between the Commanding General and appropriate Italian authorities.

- (2) The Italian Government agrees to the stationing in ITALY of U. S. personnel necessary for the purposes contemplated by this agreement including house-keeping security, land, air and port operations. It further agrees to accord the U. S. Forces all facilities afforded by Italian ports (including dockyards, dry docks and ship repairing facilities), public services, utilities, railroads, land waterways, telecommunications and airfields which the Commanding General having due regard for Italian essential requirements may from time to time request. Such airfield facilities and accommodations as are designated for the purpose of US military aviation will be provided in agreement with the Commanding General, who shall have the right to make necessary extension and improvements thereto, and will be under the exclusive control of U. S. Forces during such temporary period. On airfields where the U. S. Forces require the status "lodger rights" only, the Italian Government will furnish facilities for the operation and protection of U. S. Government aircraft and property.

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(b) In particular, the Italian Government agrees that for mutual convenience special areas in Italian ports may be designated by the Commanding General for the exclusive use of the U.S. Forces or for other purposes required by him. Such areas will remain under Italian civil administration, but the Commanding General shall have the right to police these areas and control the operation of port facilities therein.

(c) The Italian Government further agrees that the Commanding General shall have all rights necessary to the creation or maintenance for such time as shall appear necessary, of such posts, camps, stations, hospitals, shops, depots, staging areas, and such other military facilities and installations as he may determine to be necessary to the efficient maintenance, administration and operation of the U.S. Forces.

(d) The appropriate Italian authorities will render assistance to the Commanding General in taking steps necessary to control epidemics of disease which constitute a threat to the health and welfare of the U.S. Forces.

(e) In the interest of efficient operation, the Commanding General may, in agreement with the Italian Government, assist in the rehabilitation or operation, or assume the operation, of such facilities enumerated above as may be necessary.

3. In order to meet telecommunications requirements of the U.S. Forces, the Italian Government in cooperation with the Commanding General will grant to the U.S. Forces services and facilities as follows:

(a) The right to use such Italian telecommunications, radar, power and other communications facilities and services, including radio and radar aids to navigation, as the Commanding General after consultation with the Italian Government regarding Italian essential requirements may from time to time deem necessary for the purpose of U.S. Forces in ITALY

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(b) The right to construct, maintain and operate such radio and radar stations, weather facilities and land line communication networks, including servicing facilities, as the Commanding General after consultation with the Italian Government may from time to time deem necessary for the purposes of the U.S. Forces of Occupation in AUSTRIA and of U.S. Forces in ITALY, including the right to use and maintain necessary codes and security equipment.

4. Until agreement is reached to coordinate, regulate and allocate frequencies for radio and radar communication networks and installations, the appropriate Italian authorities, after consultation and in cooperation with the Commanding General, will accord to the U.S. Forces those frequencies and power which shall be deemed necessary for the purpose of U.S. Forces of Occupation in GERMANY and AUSTRIA and of U.S. Forces in ITALY.

5. The Italian Government agrees that the U.S. Forces may conduct their own postal system.

6.

(a) In agreement with the Commanding General, the Italian Government will make available to the U.S. Forces such lands, buildings, installations and covered storage and other similar facilities as may be required from time to time by the U.S. Forces for the accommodation and training of troops; the operation, maintenance, housing and servicing of aircraft; the storage of equipment, stores and supplies.

(b) The Commanding General shall have freedom of access to and the right of removal of any or all U.S. property in ITALY. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.

(c) Any surpluses arising as a result of U.S. Forces remaining in ITALY pursuant to this agreement, which are made available to the Italian Government, will be disposed of solely in accordance with the terms of any over-all agreement arrived at by the U.S. and the Italian Governments with respect to U.S. surplus property in ITALY.

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(d) The U.S. Forces shall be granted right-of-way for and access to all military petroleum pipe lines and installations situated in Italian territory, connected with the distribution of petroleum products to such forces or to U.S. Forces of Occupation in GERMANY and AUSTRIA.

7.

(a) The U.S. Forces shall have the right to purchase local produce, supplies, and manufactured goods and to contract for services in ITALY. In order that such purchases may NOT have any adverse effect upon Italian economy, the U.S. military authorities will consult with the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchase by the U.S. Forces.

(b) The Italian Government will, so far as may be reasonably practicable, arrange for the continued use of Italian manufacturing capacity to meet other U.S. military requirements.

(c) The U.S. Forces shall have the right to employ local civilian labor directly or through appropriate local Italian authorities.

(d) Payment at NOT to exceed the prevailing wage rates shall be made by the U.S. Forces directly to local civilian labor. Payment shall be made by the U.S. Forces directly to suppliers of goods purchased and services contracted for in accordance with this paragraph.

8. The financial terms and conditions covering the supply of Italian lira to the UNITED STATES Forces, payment thereof and payment for services and facilities and related questions set forth in the Armistice agreement, dated 29 September 1945, shall continue to govern the financial relations between the UNITED STATES Forces and the Government of ITALY up to and including 30 June 1946, NOT withstanding the abrogation of that Armistice agreement.

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9.

(a) Occupation cost exclusive of net troop pay for the direct maintenance of UNITED STATES Forces in VENETIA GIULIA and the Province of UDINE shall continue as heretofore to be a charge against the Italian Government.

(b) The cost of all services and facilities NOT covered under paragraphs 8 and 9 (a), made available to the UNITED STATES Forces shall, from 1 July 1946, be the responsibility of the UNITED STATES Government, and shall be paid for in dollars currently.

(c) The conditions of payment on which services and facilities are made available to the UNITED STATES in ITALY, together with the financial questions such as the supply of Italian currency to the UNITED STATES Forces, shall be subject of a separate agreement, effective as of 1 July 1946. These arrangements include the establishment of a lira account through which medium the Italian Government shall reimburse the U.S. Forces for lira payments made by U.S. disbursing officers in payment of expenses which, under the new Financial agreement, are properly chargeable to the Italian Government. The UNITED STATES Forces shall establish such procedures as are necessary to implement the new Financial agreement.

10.

(a) Without prejudice to the provisions of paragraph 16, U.S. Military Courts and authorities shall have exclusive jurisdiction over all members of the U.S. Forces and over all persons of non-Italian nationality NOT belonging to such forces but who are employed by or who accompany or serve with those forces and are subject to U.S. Naval or Military Law, and the dependents of such persons.

(b) Arrangements concerning the exercise of jurisdiction in matters relating to civil law over non-military personnel referred to in subpara (a) above will be made the subject of a separate agreement but

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until and unless such agreement is adopted, the Italian courts shall NOT exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.

11.

(a) The U.S. Forces shall have the exclusive right to police their own installations, camps and other areas and buildings, specially used by them and to employ Military Police patrols as may be necessary for the maintenance of good order and discipline of persons subject to the jurisdiction of U.S. Forces. Persons who are subject to the jurisdiction of the Italian authorities may be arrested by the U.S. Military Police within such installations, camps, areas and buildings and detained by them until they can be handed over to the appropriate Italian authorities.

(b) The Italian police may arrest personnel subject to the exclusive jurisdiction of U.S. Military Courts and authorities for offenses against Italian law outside the installations, camps, areas and buildings referred to in the preceding subparagraph, and detain them until they can be handed over for disposal to the appropriate U.S. Military authority. A certificate signed by a U.S. officer that the person to whom it refers belongs to one of the classes mentioned in paragraph 10 (a) above shall be conclusive. The procedure for handing over such persons is a matter for local arrangements. Immediate notification of any such arrest will be given to the nearest U.S. Military installation.

12. The Italian Government will make the necessary arrangements for insuring the trial by Italian courts of persons who are alleged to have committed offenses against the persons, property or security of the U.S. Forces.

13. The Commanding General and the appropriate Italian authorities will establish machinery for such mutual assistance as may be required for making investigations, collecting evidence,

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securing the attendance of witnesses in relation to cases triable under Allied, U.S. or Italian jurisdiction, and to provide procedure for punishment in appropriate courts of witnesses who refuse (1) or fail to comply with a summons, improperly refuse to testify, or who commit perjury or contempt of court.

14. The Government of ITALY hereby undertakes to satisfy and to hold harmless the UNITED STATES and its Armed Forces in all cases of non-combat claims of the Italian Government or of third persons against the UNITED STATES, NOT arising out of contract, which have arisen or may arise by reason of acts, defaults or operations of members of the Armed Forces of the UNITED STATES, civilian employees thereof, and persons accompanying or serving with the UNITED STATES Armed Forces, in ITALY or Italian territory. Such claims shall be assumed, settled, litigated or otherwise disposed of in such manner as the Italian Government may determine. For the purposes of this undertaking the term single "persons single" shall include corporations, partnerships and similar entities with a place of business in ITALY or Italian territory.

15.

(a) Members of the U.S. Forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government shall be exempt from any impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall also apply to property imported by the U.S. Forces or by organizations employed by or accompanying these forces for use or for distribution as relief or otherwise, in ITALY or elsewhere.

(b) Without limiting the generality of subparagraph (a) of this paragraph, NO impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies shall apply to or with respect to the sale or other disposition, for export or otherwise, of surplus or other

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U. S. Government material or property; nor shall the Italian Government or any of its political subdivisions or agencies discriminate, by taxation or otherwise, against the purchaser or recipient of such material or property on account of the acquisition, use or disposition of such material or property.

16:

(a) The Commanding General shall have the right to exercise jurisdiction over and to hold Displaced and Stateless Persons, enemy Prisoners of War, Disarmed Enemy Personnel, War Criminals and security suspects of enemy nationality in refugee, Prisoner of War or Internment camps in Italian territory or to remove them from such camps and from Italian territory at will.

(b) The Italian Government shall have the right to hold Prisoners of War (German) and Displaced Persons in Italian territory. At the request of the Commanding General under appropriate arrangements that may be entered into, the Italian Government will hold all such persons listed in paragraph 16 (a) for any of the Allied Governments.

(c) The Italian Government will cooperate in facilitating the repatriation of Displaced Persons and the disposition of Stateless Persons from or through Italy.

17:

Arrangements for the disposal of the remains of deceased members of the U.S. Forces of World War II and erection of monuments will be set forth in a separate agreement.

18:

The Italian Government when requested will attach to the U.S. Forces Italian officers or civilian officials for liaison duties to assist the U.S. military authorities in their relations with the Italian civil and military authorities. These liaison officers or officials, whose numbers and qualifications will be agreed upon between the Commanding General and the appropriate Italian ministries shall so far as possible be employed as intermediaries between the U.S. military authorities and the Italian local authorities in the execution of the provisions of this agreement and in other matters.

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19. The interpretation of this Agreement, the settlement of any difficulties arising therefrom, and the question of appropriate supplementary arrangements covering questions NOT dealt with in this Agreement shall form the basis of further discussions between the UNITED STATES and the Italian Government.

20. The term "U.S. Forces" when used in this Agreement shall be defined as "U.S. armed Forces and governmental organizations and accredited agencies operating under or in conjunction with such forces" whenever applicable. The term "ITALY" shall be deemed for the purposes of this Agreement to include all territories under Italian sovereignty and the territorial waters around them. However, nothing herein contained shall be construed to limit the existing rights and powers vested in Allied or U.S. Commanders by virtue of the military occupation of VENEZIA GIULIA and the Province of UDINE.

21. The foregoing Agreement shall be in full force and effect from the date of signing of this Agreement and shall continue during the occupation by U.S. Forces of AUSTRIA or of any portion of Italian territory which may be provided for in the Agreement modifying the Armistice Regime, and shall continue for such reasonable time thereafter, NOT to exceed three months, as is required for the withdrawal of the U.S. Forces.

22. In the event that conflicting requests are made on the Italian Government by the Commanding General, UNITED STATES Forces under the provisions of this Agreement and the Commanding General of the Forces of another government under a similar agreement, the Italian Government shall invite the attention of the Commanding Generals concerned to such conflicting demands and request that they resolve their differences or report the situation to their respective governments for determination."

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Appendix

CROSS REFERENCE TABLE

I U.S. - BRITISH		II BRITISH - U.S.	
US Agreement	British Agreement	British Agreement	US Agreement
Para. 1	1 (i)	1 (i)	2 (a)
2 (a)	2 3 (i) 3 (ii) 3 (iii)	(ii)	-
2 (b)	3 (ii)	(iii)	-
2 (c)	3 1 (i)		1
2 (d)	-	2 (i)	2 (a)
2 (e)	3 (iv)	(ii)	2 (b)
3 (a)	4 (a)	(iii)	2 (a)
3 (b)	4 (b)	(iv)	(e)
4	4 (c)	(v)	-
5	4 (d)	(a)	3 (a)
6 (a)	5	(b)	3 (b)
6 (b)	-	(c)	4
6 (c)	-	(d)	5
6 (d)	8		6 (a)
7 (a)	7	5 (a)	(a)
7 (b)	-	(b)	15 (a)
7 (c)	-	(c)	16 (b) (in part only)
8 (a)	18 (i)		7 (c)
8 (b)	(" (ii)	7	7 (a)
8 (c)		8	10 (a)
8 (d)		9	10 (a)
9 (a)	9	10 (a)	-
9 (b)	-	11 (a)	-
9 (c)	12 (a)	(b)	11 (e)
9 (d)	12 (b)	(a)	11 (b)
10 (a)	13	(b)	12
10 (b)	14	(c)	13
10 (c)	15 (a) & (b)		14
10 (d)	16	(a)	(
11 (a)	16 (a)(b)	(b)	15 (a)
11 (b)	5		10 (b) (in part)
12	6 (c) in part	17 (i)	8
13	-	(ii)	9 (a)(b)(c)
14	19		16
15 (a)	20	19	19
15 (b)	1 (i) Preamble	20	
15 (c)			

19

TOP SECRET

Flag 'A' to P/329 (FINAL).

FOR ACTION TO : TROOPERS

CLASSIFICATION : TOP SECRET

PRECEDENCE : OF PRIORITY

Subject is British and United States final drafts of Civil Affairs Agreements.

1. Final drafts of both agreements have now been received and compared. The comments contained in paragraphs 2 and 3 below are in amplification of my previous signals.

2. DISPLACED PERSONS (further to my F-67195 of 4 June)

(a) Para 16 of the United States final draft requires the Italian Government to hold displaced persons and refugees for any of the Allied Governments.

(b) No such provision is made in para.6 of the British Draft.

(c) Co-ordination of agreements in this respect is most desirable, and I strongly recommend that similar provision with regard to Displaced Persons, as made in the United States Agreement, be included in the British Agreement.

3.

SETTLEMENT OF CONFLICTING DEMANDS.

(a) In my FX-67404 of 8 Jun 46 I urged that provision should be made for relating the British and United States Agreements where national interests or requirements might conflict.

(b) In F-67393 of 8 June 46, General IEE made an identical recommendation to the War Department.

(c) In para.22 of the United States final draft since received, satisfactory provision has been made to cover this as follows:- "In the event that conflicting requests are made on the Italian Government by the Commanding General, United States Forces, under the provision of this Agreement, and the Commanding General of the Forces of another Government under a similar Agreement, the Italian Government shall invite the attention of the Commanding Generals concerned to such conflicting

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TOP SECRET

(16)

2. DISPLACED PERSONS (further to my F-67195 of 4 June)

- (a) Para 16 of the United States final draft requires the Italian Government to hold displaced persons and refugees for any of the Allied Governments.
- (b) No such provision is made in para.6 of the British Draft.
- (c) Co-ordination of agreements in this respect is most desirable, and I strongly recommend that similar provision with regard to Displaced Persons, as made in the United States Agreement, be included in the British Agreement.

3. SETTLEMENT OF CONFLICTING DEMANDS.

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- (d) There is as yet no such provision in the British Agreement.

- (e) I consider the United States clause to be satisfactory and recommend that a similar clause be inserted in the British Agreement.

4. FINANCIAL PROVISIONS

- Clarification of certain aspects of paras XVIII(i) and (ii) of the British Agreement was sought in my F-67359 of 6 June. For your information examination of final United States Draft has revealed following fundamental differences between British and United States Agreements on financial policy:-

- 2 -

(a) United States Agreement provides for payment in dollars which go to credit of Italian Government and are not credited against any debt incurred by Italian Government. British Agreement only provides credit to offset debt incurred by Italian Government since Sept 43.

(b) British Agreement covers whole of Italy including UDINE and VENEZIA GIULIA. Para 3 of Foreign Office Signal to ROME No.292 saving of 28 May refers. United States Agreement in Para 9(a) provides for occupation cost less net troop pay for direct maintenance of troops in UDINE and VENEZIA GIULIA to remain a charge against Italian Government.

5. I consider that the recommendations made above should be brought to the notice of the Foreign Office immediately so that the Agreements may be concluded with the Italian Government without delay.

APPROVED BY C.G.S.

DISTRIBUTION

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G-5	US POLAD	FA
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'A'	SACS	G-3 MTO

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APPROVED BY C.G.S.

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(116)

Flag 'B' to P/329 (FINAL).

TO : AGWAR

CLASSIFICATION: SECRET

PRECEDENCE : PRIORITY

See URAD W 50819

I have presented the modified draft of military and civil affairs agreement between the U.S. and Italy to the Italian Government, for their examination. However, before entering into a discussion with them I desire to point out certain provisions which appear not properly to safeguard the U.S. interests and to raise points which must be clarified before such discussions start.

2. With respect to financial arrangements covered in paragraph 9, I must have clarification or revision of wording on the following points.

a. Paragraph 9(a). Does "direct maintenance" apply only to troops and facilities physically located in Venezia Giulia and the province of Udine or does it include all troops and facilities, wherever located, used wholly or in part to support the U.S. forces in those areas?

b. Paragraph 9(b). Does statement "paid for in dollars currently", permit Italian Government to demand local payment in dollars or does it contemplate establishment of dollar credit on a current basis? This is particularly important since, as now written, I believe that Italian Government could insist upon dollar payment here.

3. Paragraph 12 does not retain the right to require arrest and detention of security suspects. This right is essential to insure arrest and detention outside Allied installations of such categories as GIS agencies and officials, Neo-Fascists and OZNA agents. Therefore request I be authorized to add a sub paragraph to paragraph 12, reading:

"The Italian Government will arrest and detain at the request of the Commanding General any persons deemed to be a danger to the security of U.S. Forces in Italy."

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I have presented the modified draft of military and civil affairs agreement between the U.S. and Italy to the Italian Government, for their examination. However, before entering into a discussion with them I desire to point out certain provisions which appear not properly to safeguard the U.S. interests and to raise points which must be clarified before such discussions start.

2. With respect to financial arrangements covered in paragraph 9, I must have clarification or revision of wording on the following points.

a. Paragraph 9(a). Does "direct maintenance" apply only to troops and facilities physically located in Venezia Giulia and the province of Udine or does it include all troops and facilities, wherever located, used wholly or in part to support the U.S. forces in those areas?

b. Paragraph 9(b). Does statement "paid for in dollars currently", permit Italian Government to demand local payment in dollars or does it contemplate establishment of dollar credit on a current basis? This is particularly important since, as now written, I believe that Italian Government could insist upon dollar payment here.

3. Paragraph 12 does not retain the right to require arrest and detention of security suspects. This right is essential to insure arrest and detention outside Allied installations of such categories as GIS agencies and officials, Neo-Fascists and OZNA agents. Therefore request I be authorized to add a sub paragraph to paragraph 12, reading:

"The Italian Government will arrest and detain at the request of the Commanding General any persons deemed to be a danger to the security of U.S. Forces in Italy."

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APPROVED BY ACTING C.G. MTO.

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AG Records
Hq Com'd MTOUSA (Action)
Fiscal
I.C.
J.A.G.

Brit POLAD.

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

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SECRET

ALCOM CITE ALSCC FROM ADMIRAL STONE

141810Z JUNE 1946

NTCUSA FOR GEORGE FIVE

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SECRET

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COMPLYING WITH PARA TWO YOUR UNCLASSIFIED LETTER OF FOUR THIRTY JUNE PAREN EXCEPT
THIS COMMUNICATION IS BY WIRE AND NOT BY WIRELESS PAREN DELIVERY OF TWO COPIES
OF DRAFT AGREEMENT WAS MADE AT EIGHTEEN HUNDRED BAKER FOURTEEN JUNE TO PRIME
MINISTER PD

PARA TWO PD THERE WAS NO LETTER OF TRANSMITTAL BUT SUBSTANCE OF PARA ONE OF
YOUR LETTER WAS COMMUNICATED ORALLY TO PRIME MINISTER PD

PARA THREE PD HE WAS REQUESTED TO GIVE NO PUBLICITY TO CONTENTS OF AGREEMENT SO
LONG AS CLASSIFIED SECRET BUT WAS ADVISED THERE WAS NO OBJECTION TO THE GOVERNMENT
ANNOUNCING RECEIPT OF THE AGREEMENT IF IT SO DESIRED

DISTRIBUTION:

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Br Ambassador
US Polad
Br Polad
Ex Comm
CC Files ✓

SECRET

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PRIORITY

Chief Commissioner

222

ELERY W. STONE
Rear Admiral, USNR
Chief Commissioner

15c

14 June 1946.

My dear ~~Mr. Key~~

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I enclose herewith copy of letter received today from MTOUSA and one copy, as directed, of the "Modified Draft of Military and Civil Affairs Agreement between the United States and Italy".

I have been further instructed to give no publicity to this draft agreement but I have been informed that if the Italian Government wishes to announce receipt of the agreement only there will be no objection.

Very truly yours,

/s/ Elery W. Stone
ELERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. David McK. Key,
Charge d'Affaires,
American Embassy,
Rome.

Sir Noel Charles, Bt., KCMG,
British Ambassador,
84 Via IX Settembre,
Rome.

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(157)k

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HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATION
UNITED STATES ARMY
G-5 Section
APO 512

14 June 1946

SUBJECT: Transmittal of US/Italian Military and Civil Affairs Agreement.

TO : The Chief Commissioner Allied Commission. APO 794 .

1. There is enclosed herewith a copy of the "Modified Draft of Military and Civil Affairs Agreement Between The United States and Italy". It is requested that you, for and in behalf of the Commanding General U.S. Forces in Italy, present it to the Italian Government without delay. It is requested that you at the time of presentation request the Italian Government to present to you as soon as practicable any comments, inquiries, amendments, additions or suggestions it may desire to present. After consideration of these views of the Italian Government by the Commanding General and if so desired by that government, arrangements can be made for consultation between representatives of the Italian Government and the Commanding General with a view to early agreement as to the terms of the agreement and an early exchange of signatures.

2. Request you inform this headquarters by wireless when delivering of the draft agreement has been made, and forward by post a copy of any letter of transmittal.

3. Should you find it impracticable to make early delivery of the draft agreement, or if for any cogent reasons, the desires expressed herein should not be implemented it is requested that report be made by the fastest means of communication.

4. Please inform the United States and British Embassies of the action herein requested of you.

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A. L. HAMBLER
Brigadier General G.S.C.
Assistant Chief of Staff, G-5.

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1. ALCO 177 to give no publicity.
2. If Italians want to announce receipt of the Agreement that will be o.k. but no other publicity
3. Six Copies - includes one to each Embassy Br. & U.S.
4. To: arrive in Rome 2 P.M.

Keep with U.S. Civil Affairs group

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cc file

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

13 June 1946

"MODIFIED DRAFT OF MILITARY AND CIVIL AFFAIRS .
AGREEMENT BETWEEN THE UNITED STATES AND ITALY."

Whereas an agreement modifying the Armistice Regime is being entered into between the UNITED STATES of AMERICA and other Allied Powers, acting on behalf of the United Nations, and ITALY which agreement modifying the Armistice Regime will terminate the rights to the UNITED STATES and its Armed Forces under the previous Armistice Agreements and as a result of the occupation of ITALY:

Whereas it is agreed that certain of these rights must be continued during the period of redeployment of the U. S. Forces in ITALY and during the continued occupation of VENEZIA GIULIA and the Province of UDINE as provided for in the agreement modifying the Armistice Regime:

Whereas during the temporary occupation of AUSTRIA by the UNITED STATES, it will be necessary to insure appropriate provisions to protect the interests of the U. S. Forces temporarily present in or passing through ITALY, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside ITALY in consequence of the Allied arrangements for the occupation of AUSTRIA:

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Therefore, for the purpose of setting forth the arrangements and rights which it is desired be continued upon, and after conclusion of the agreement modifying the Armistice Regime referred to above, the Italian Government and Commanding General of the U. S. Forces in ITALY, (Hereinafter referred to as the Commanding General) have entered into the following agreement:

1. The U. S. Forces shall have full, free and unrestricted right to enter, pass through, stay in and depart from ITALY including the right to navigate in Italian territorial waters and to have such free passage, as may be required in the interest of the U. S., for all types of aircraft over or within ITALY, including landing at such bases as may be required and the transportation of personnel, material and mail. The necessary technical arrangements for advising the Italian authorities of such movements shall be made between the Commanding General and appropriate Italian authorities.

2.

- (a) The Italian Government agrees to the stationing in ITALY of U. S. personnel necessary for the purposes contemplated by this agreement including housekeeping security, land, air and port operations. It further agrees to accord the U. S. Forces all facilities afforded by Italian ports (including dockyards, dry docks and ship repairing facilities), public services, utilities, railroads, land waterways, telecommunications and airfields which the Commanding General having due regard for Italian essential requirements may from time to time request. Such airfield facilities and accommodations as are designated for the purpose of US military aviation will be provided in agreement with the Commanding General, who shall have the right to make necessary extension and improvements thereto, and will be under the exclusive control of U. S. Forces during such temporary period. On airfields where the U. S. Forces require the status "lodger rights" only, the Italian Government will furnish facilities for the operation and protection of U. S. Government aircraft and property.

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(b) In particular, the Italian Government agrees that for mutual convenience essential areas in Italian ports may be designated by the Commanding General for the exclusive use of the U.S. Forces or for other purposes required by him. Such areas will remain under Italian civil administration, but the Commanding General shall have the right to police these areas and control the operation of port facilities therein.

(c) The Italian Government further agrees that the Commanding General shall have all rights necessary to the creation or maintenance for such time as shall appear necessary, of such posts, camps, stations, hospitals, shops, depots, staging areas, and such other military facilities and installations as he may determine to be necessary to the efficient maintenance, administration and operation of the U.S. Forces.

(d) The appropriate Italian authorities will render assistance to the Commanding General in taking steps necessary to control epidemics of disease which constitute a threat to the health and welfare of the U.S. Forces.

(e) In the interest of efficient operation, the Commanding General may, in agreement with the Italian Government, assist in the rehabilitation or operation, or assume the operation, of such facilities enumerated above as may be necessary.

3. In order to meet telecommunications requirements of the U.S. Forces, the Italian Government in cooperation with the Commanding General will grant to the U.S. Forces services and facilities as follows:

(a) The right to use such Italian telecommunications, radar, power and other communications facilities and services, including radio and radar aids to navigation, as the Commanding General after consultation with the Italian Government regarding Italian essential requirements may from time to time deem necessary for the purpose of U.S. Forces in ITALY

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(b) The right to construct, maintain and operate such radio and radar stations, weather facilities and land line communication networks, including servicing facilities, as the Commanding General after consultation with the Italian Government may from time to time deem necessary for the purposes of the U.S. Forces of Occupation in AUSTRIA and of U.S. Forces in ITALY, including the right to use and maintain necessary codes and security equipment.

4. Until agreement is reached to coordinate, regulate and allocate frequencies for radio and radar communication networks and installations, the appropriate Italian authorities, after consultation and in cooperation with the Commanding General, will accord to the U.S. Forces those frequencies and power which shall be deemed necessary for the purpose of U.S. Forces of Occupation in GERMANY and AUSTRIA and of U.S. Forces in ITALY.

5. The Italian Government agrees that the U.S. Forces may conduct their own postal system.

6.

(a) In agreement with the Commanding General, the Italian Government will make available to the U.S. Forces such lands, buildings, installations and covered storage and other similar facilities as may be required from time to time by the U.S. Forces for the accommodation and training of troops; the operation, maintenance, housing and servicing of aircraft; the storage of equipment, stores and supplies.

(b) The Commanding General shall have freedom of access to and the right of removal of any or all U.S. property in ITALY. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.

(c) Any surpluses arising as a result of U.S. Forces remaining in ITALY pursuant to this agreement, which are made available to the Italian Government, will be disposed of solely in accordance with the terms of any over-all agreement arrived at by the U.S. and the Italian Governments with respect to U.S. surplus property in ITALY.

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(d) The U.S. Forces shall be granted right-of-way for and access to all military petroleum pipe lines and installations situated in Italian territory, connected with the distribution of petroleum products to such forces or to U.S. Forces of Occupation in GERMANY and AUSTRIA.

7.

(a) The U.S. Forces shall have the right to purchase local produce, supplies, and manufactured goods and to contract for services in ITALY. In order that such purchases may NOT have any adverse effect upon Italian economy, the U.S. military authorities will consult with the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchase by the U.S. Forces.

(b) The Italian Government will, so far as may be reasonably practicable, arrange for the continued use of Italian manufacturing capacity to meet other U.S. military requirements.

(c) The U.S. Forces shall have the right to employ local civilian labor directly or through appropriate local Italian authorities.

(d) Payment at NOT to exceed the prevailing wage rates shall be made by the U.S. Forces directly to local civilian labor. Payment shall be made by the U.S. Forces directly to suppliers of goods purchased and services contracted for in accordance with this paragraph.

8. The financial terms and conditions covering the supply of Italian lira to the UNITED STATES Forces, payment thereof and payment for services and facilities and related questions set forth in the Armistice agreement, dated 29 September 1945, shall continue to govern the financial relations between the UNITED STATES Forces and the Government of ITALY up to and including 30 June 1946, NOT withstanding the abrogation of that Armistice Agreement.

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9.

(a) Occupation cost exclusive of net troop pay for the direct maintenance of UNITED STATES Forces in VENEZIA, GIULIA, and the Province of UDINE shall continue as heretofore to be a charge against the Italian Government.

(b) The cost of all services and facilities NOT covered under paragraphs 8 and 9 (a), made available to the UNITED STATES Forces shall, from 1 July 1946, be the responsibility of the UNITED STATES Government and shall be paid for in dollars currently.

(c) The conditions of payment on which services and facilities are made available to the UNITED STATES in ITALY, together with the financial questions such as the supply of Italian currency to the UNITED STATES Forces, shall be subject of a separate agreement, effective as of 1 July 1946. These arrangements include the establishment of a lire account through which medium the Italian Government shall reimburse the U.S. Forces for lire payments made by U.S. disbursing officers in payment of expenses which, under the new Financial agreement, are properly chargeable to the Italian Government. The UNITED STATES Forces shall establish such procedures as are necessary to implement the new Financial Agreement.

10.

(a) Without prejudice to the provisions of paragraph 16, U.S. Military Courts and authorities shall have exclusive jurisdiction over all members of the U.S. Forces and over all persons of non-Italian nationality NOT belonging to such forces but who are employed by or who accompany or serve with those forces and are subject to U.S. Naval or Military Law, and the dependents of such persons.

(b) Arrangements concerning the exercise of jurisdiction in matters relating to civil law over non-military personnel referred to in subpara (a) above will be made the subject of a separate agreement but

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until and unless such agreement is adopted the Italian courts shall NOT exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.

11.

(a) The U.S. Forces shall have the exclusive right to police their own installations, camps and other areas and buildings, specially used by them and to employ Military Police patrols as may be necessary for the maintenance of good order and discipline of persons subject to the jurisdiction of U.S. Forces. Persons who are subject to the jurisdiction of the Italian authorities may be arrested by the U.S. Military Police within such installations, camps, areas and buildings and detained by them until they can be handed over to the appropriate Italian authorities.

(b) The Italian police may arrest personnel subject to the exclusive jurisdiction of U.S. Military Courts and authorities for offenses against Italian law outside the installations, camps, areas and buildings referred to in the preceding subparagraph, and detain them until they can be handed over for disposal to the appropriate U.S. Military authority. A certificate signed by a U.S. officer that the person to whom it refers belongs to one of the classes mentioned in paragraph 10 (a) above shall be conclusive. The procedure for handing over such persons is a matter for local arrangements. Immediate notification of any such arrest will be given to the nearest U.S. Military installation.

12. The Italian Government will make the necessary arrangements for insuring the trial by Italian courts of persons who are alleged to have committed offenses against the persons, property or security of the U.S. Forces.

13. The Commanding General and the appropriate Italian authorities will establish machinery for such mutual assistance as may be required for making investigations, collecting evidence,

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securing the attendance of witnesses in relation to cases triable under Allied, U.S. or Italian jurisdiction, and to provide procedure for punishment in appropriate courts of witnesses who refuse (?) or fail to comply with a summons, improperly refuse to testify, or who commit perjury or contempt of court.

14. The Government of ITALY hereby undertakes to satisfy and to hold harmless the UNITED STATES and its Armed Forces in all cases of non-combat claims of the Italian Government or of third persons against the UNITED STATES, NOT arising out of contract, which have arisen or may arise by reason of acts, defaults or operations of members of the Armed Forces of the UNITED STATES, civilian employees thereof, and persons accompanying or serving with the UNITED STATES Armed Forces, in ITALY or Italian territory. Such claims shall be assured, settled, litigated or otherwise disposed of in such manner as the Italian Government may determine. For the purposes of this undertaking the term single "persons single" shall include corporations, partnerships and similar entities with a place of business in ITALY or Italian territory.

15.

(a) Members of the U.S. Forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government shall be exempt from any impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall also apply to property imported by the U.S. Forces or by organizations employed by or accompanying these forces for use or for distribution as relief or otherwise, in ITALY or elsewhere.

(b) Without limiting the generality of subparagraph (a) of this paragraph, NO impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies shall apply to or with respect to the sale or other disposition, for export or otherwise, of surplus or other

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U. S. Government material or property nor shall the Italian Government or any of its political subdivisions or agencies discriminate by taxation or otherwise, against the purchaser or recipient of such material or property on account of the acquisition, use or disposition of such material or property.

16:

(a) The Commanding General shall have the right to exercise jurisdiction over and to hold interned and Stateless Persons, enemy Prisoners of War, Disarmed Enemy Personnel, War Criminals and security suspects of enemy nationality in refugee, Prisoner of War or internment camps in Italian territory or to remove them from such camps and from Italian territory at will.

(b) The Italian Government shall have the right to hold Prisoners of War (German) and Displaced Persons in Italian territory. At the request of the Commanding General under appropriate arrangements that may be entered into, the Italian Government will hold all such persons listed in paragraph 15 (a) for any of the Allied Governments.

(c) The Italian Government will cooperate in facilitating the repatriation of Displaced Persons and the disposition of Stateless Persons from or through Italy.

17:

Arrangements for the disposal of the remains of deceased members of the U.S. Forces of World War II and erection of monuments will be set forth in a separate agreement.

18:

The Italian Government when requested will attach to the U.S. Forces Italian officers or civilian officials for liaison duties to assist the U.S. Military authorities in their relations with the Italian civil and military authorities. These liaison officers or officials, whose numbers and qualifications will be agreed upon between the Commanding General and the appropriate Italian ministries shall so far as possible be employed as intermediaries between the U.S. Military authorities and the Italian local authorities in the execution of the provisions of this agreement and in other matters.

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19. The interpretation of this Agreement, the settlement of any difficulties arising therefrom, and the question of appropriate supplementary arrangements covering questions NOT dealt with in this Agreement shall form the basis of further discussions between the UNITED STATES and the Italian Government.

20. The term "U.S. Forces" when used in this agreement shall be defined as "U.S. Armed Forces and governmental organizations and accredited agencies operating under or in conjunction with such forces" whenever applicable. The term "ITALY" shall be deemed for the purposes of this Agreement to include all territories under Italian sovereignty and the territorial waters around them. However, nothing herein contained shall be construed to limit the existing rights and powers vested in Allied or U.S. Commanders by virtue of the military occupation of VENEZIA GIULIA and the Province of UDINE.

21. The foregoing Agreement shall be in full force and effect from the date of signing of this Agreement and shall continue during the occupation by U.S. Forces of AUSTRIA or of any portion of Italian territory which may be provided for in the Agreement modifying the Armistice Regime, and shall continue for such reasonable time thereafter, NOT to exceed three months, as is required for the withdrawal of the U.S. Forces.

22. In the event that conflicting requests are made on the Italian Government by the Commanding General, UNITED STATES Forces under the provisions of this Agreement and the Commanding General of the Forces of another government under a similar agreement, the Italian Government shall invite the attention of the Commanding Generals concerned to such conflicting demands and request that they resolve their differences or report the situation to their respective governments for determination."

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CROSS REFERENCE SHEET

PROPOSED ORGANIZATION OF
ALLIED COMMISSION AND G-5
SECTION ROME UNDER FAN-650

-- SEE 116/CC --

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TOP SECRET.

REVISED BRITISH DRAFT OF CIVIL AFFAIRS AG. AGENT.
=====

SECTION I.

1. The Italian Government recognises the right of the Government of the United Kingdom to maintain in Italy, (which for the purposes of this Agreement denotes all territory under the administration of the Italian Government) forces under ~~the~~ the British High Command (or under the Supreme Allied Commander) including persons of non-Italian nationality employed by, in the services of, accompanying or following these forces (such forces and persons being hereinafter referred to as "the British forces") in connexion with inter-Allied arrangements for the occupation of AUSTRIA and VENEZIA GIULIA and with the maintenance of lines of communication with British forces in the Mediterranean area and in the Far East.
2. The provisions of this Agreement are designed to ensure the appropriate immunities and facilities as regards the British forces when present in, or passing through Italy and as regards all equipment and stores, belonging to such forces, or destined for their use either inside or outside Italy.

3. Supplementary agreement of detail on particular questions will be made as required between the British High Command and the appropriate Italian authorities.

SECTION II.

The British forces shall have full and unrestricted right to enter, stay in and depart from Italy, including the right to navigate in Italian territorial waters and to fly over Italy on passage in that country or elsewhere. (The necessary technical arrangements for notifying such movements to the Italian authorities shall be made between the British

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British Command and the Supreme Allied Italian authorities

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SECTION III.

1. The British forces shall be accorded all facilities, services and priorities they may require for the use of Italian ports (including dockyards and ship repair facilities), airfields, railways, coastwise shippings, inland waterways, roads, ~~posts~~ posts and telecommunications. The requirements of the British forces shall be notified by the British military authorities to the competent Italian authorities.

2. In particular the British High Command shall have the right to

designate for mutual convenience special areas in Italian ports for the ~~exclusive~~ exclusive use of the British forces or for other purposes sanctioned by the British High Command. Such areas will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the port facilities situated therein.

3. The Italian Government agree to reserve for the exclusive ~~right~~ use of the British Forces such special airfields and alighting ~~place~~ areas, with all the necessary facilities and accommodation, as may be designated by the British High Command. Such areas will remain under Italian civil administration, but the British High Command shall have the right to police the areas and to control the operation of the facilities ^{situated} therein.

4. The British High Command shall have the right, if it deems necessary, to take over the control or operation, or assist with the operation of any section, of the Italian transport system, including the right to effect any necessary repairs.

5. The British High Command shall have the right to participate in any organization that the Italian authorities may set up for the Air Traffic Control of aircraft flying over Italian territory.

SECTION IV.

In order to meet the signals and post requirements of the British Forces, the Italian Government will grant the following facilities to the British High Command:

(a) Full access to, and use of, Italian telecommunications, radar and other communication services, including radio aids, as may be required for the purposes of the British forces.

(b) The right to construct, maintain and operate such radio and radar stations and landline communications network as may from time to time

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- (b) The right to construct, maintain and operate such radio and radar stations and landline communications network as may from time to time prove to be necessary for naval, military or air purposes.
- (c) The competent Italian authorities will:
 - (i) Cooperate with the British Forces in regard to the coordination and allocation of all frequencies required for radio communications networks and radar installations and
 - (ii) accord to the British Forces priority in the use of these frequencies which are essential to their purposes.
- (d) The British Forces shall be granted the right to conduct a postal system and to retain existing postal arrangements and franking privileges.

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SECTION V.

The Italian Government will make available to the British Forces such lands, buildings, installations, covered storage and similar facilities notified by the British High Command as may be from time to time required by the British Forces for the accommodation, maintenance, and training of troops, the operation and housing of aircraft, the storage of equipment, stores and supplies, or any other purpose. Any necessary requisitions will be carried out by the Italian Government.

SECTION VI.

- (a) The British High Command shall have the right to detain enemy or ex-enemy prisoners of war or disarmed personnel, persons accused of war crimes, security suspects and other internees in camps on Italian territory.
- (b) The British High Command shall also have the right to detain displaced persons and refugees.
- (c) The Italian Government will afford the British military authorities such assistance and facilities as they may require for the maintenance and movement of persons mentioned in (a) and (b) above.

SECTION VII.

The British Forces shall have the right to engage local civilian labour either directly or through the intermediary of the competent local Italian authorities.

SECTION VIII.

The British forces shall have the right to purchase local produce, supplies and manufactured goods in ITALY, either directly or through the intermediary of the competent local Italian authorities. In order that such purchases may not have an adverse effect upon Italian economy the British High Command will consult with the appropriate Italian authorities upon any particular articles which, from time to time, shall be excluded from local purchases by the British Forces.

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SECTION IX.

British service courts and authorities shall have exclusive jurisdiction over the British forces, where subject to British Naval, military and air force law.

SECTION X.

The British High Command shall have the exclusive right to arrange for the trial (by naval courts or other appropriate means) of British merchant

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and of other Merchant seamen
seamen of non-Italian nationality serving on board British ships who are
accused of having committed any offence.

SECTION XI.

(a) The British High Command reserve the right to conduct and carry to ultimate conclusion the trial by military government courts of any person charged with an offence committed before the effective date of this agreement and cognisable under any proclamation or order heretofore issued by or on behalf of the Allied Military Government, or cognisable under Italian law if committed against persons, property or security of the Allied forces.

(b) The British High Command reserve the right to conduct and carry to ultimate conclusion the trial by Military Government Courts of any persons charged with war ^{crimes.} ~~crimes.~~

SECTION XII.

1. The British forces shall have the right to police their own installations, camps and other lands and buildings set aside for their special use and to employ military police patrols in other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the exclusive jurisdiction of the Italian authorities may be arrested by the British Service Police within such installations, camps, lands, buildings, and areas, and be detained by them until they can be handed over to the competent Italian authorities.

2. If persons subject to the exclusive jurisdiction of the British Service Courts and authorities under paragraphs 9 and 10 above shall be apprehended for offences or suspect-offences against Italian law outside the installations, camps, lands, buildings and areas referred to in the preceding sub paragraph, they shall be handed over without delay for disposal to the appropriate British Service authorities. A certificate signed by a British Officer of field rank or its equivalent that the persons to whom it refers belong

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2. If persons subject to the exclusive jurisdiction of the British Service Courts and authorities under paragraphs 9 and 10 above shall be apprehended for offences or suspect-offences against Italian law outside the installations, camps, lands, buildings and areas referred to in the preceding sub paragraph, they shall be handed over without delay for disposal to the appropriate British Service authorities. A certificate signed by a British Officer of field rank or its equivalent that the persons to whom it refers belong to one of the classes mentioned in paragraphs 9 and 10 above shall be conclusive. The procedure for handing over such persons will be a matter for local arrangements.

3. The Italian Government will arrest and detain at the request of the British High Command any persons deemed to be a danger to the security of British Forces in ITALY.

SECTION XIII.

The Italian Government will make the necessary arrangements for ensuring the trial by Italian Courts of persons not subject to the exclusive jurisdiction

of British Service Courts and authorities, alleged to have committed offences against the persons, property or security of the British forces. The Italian Government will give priority to the trials of such offenders and will inform the British High Command of the disciplinary action taken.

SECTION XIV.

The competent Italian authorities will take the necessary steps to establish machinery for such assistance as may be required for making investigations, collecting evidence and securing the attendance of witnesses in relation to cases triable under British jurisdiction.

SECTION XV.

(a) The Italian Government, in accordance with the arrangements already in force, will continue through its own organisation to examine and dispose of all claims referred to it by the British authorities for compensation for damage or injury preferred by persons resident in Italy, or by corporations having a principal place of business there, against members of the British forces. The British authorities will, in accordance with the existing arrangements, continue to retain certain categories of such claims for examination and disposal themselves.

(b) In all cases arising out of occurrences in which property of the one Government is damaged or destroyed, or in which one Government might otherwise assert against the other claims for death, injury or loss (as distinct from the claims of individuals), it is agreed that each Government will bear its own losses and will forbear from asserting any claims against the other.

SECTION XVI.

The British forces and property belonging to them or to their Government shall be exempt from all Italian taxation (including customs).

The British High Command will take the necessary steps to ensure that such

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SECTION XVI.

The British forces and property belonging to them or to their Government shall be exempt from all Italian taxation (including customs).
The British High Command will take the necessary steps to ensure that such property is not sold to the public in Italy, except in agreement with the Italian Government.

SECTION XVIII.

(i) The Italian Government will arrange to provide such amounts of Italian currency as the British forces may require and also as may be required by the competent British authorities for His Majesty's ships and vessels owned or chartered by the British Ministry of War Transport calling at Italian ports on military service during the period of this agreement.

(ii) The British Government will give credit to the Italian Government for (a) the net lire expenditure by the British forces in Italy and by the competent British Authorities referred to in (i) above during the period of this agreement after allowing for lire receipts from Army canteens, etc., and (b) the lire value of Italian supplies and services provided by the Italian Government to the British forces or to British ships during the period of this agreement. These credits shall be in sterling at a fair and realistic rate of exchange (which unless it be unfair or unrealistic shall be the Italian Government's official rate) and shall be applied in reduction of the Italian Government's debt to the Government of the United Kingdom for civilian supplies and services provided to the Italian Government or population since 1st September 1943. The amount of the credit ~~it~~ as at (a) will be determined by His Majesty's Government and notified to the Italian Government from time to time. The amount of the credit as at (b) will be agreed from time to time between the two Governments.

SECTION XIX.

The Italian Government will, on request of the British High Command, attach to the British forces Italian officers or civilian officials for liaison duties to assist the British authorities in the execution of the provisions of this agreement.

SECTION XX.

The two governments shall consult together as may be required to remove any difficulties which may arise in the execution of these arrangements and in order to make appropriate supplementary arrangements to cover other questions not dealt with in this Agreement. If any dispute arises as to the interpretation of this Agreement, it shall be settled by a ruling of the British High Command after consultation with the competent Italian authorities.

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

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COPY

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

Ref: 633/26/EC

5th March 1946

MEMORANDUM BY THE CHIEF COMMISSIONER, ALLIED
COMMISSION ON AFHQ AGENDA FOR CONFERENCE No. 4
AND HHS PAPER P/326 (FINAL) of 26 FEBRUARY 46

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HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATIONS, UNITED
STATES ARMY, APO 512.

16 April 1946.

Comments on Appendix to Inclosure dated 14 March 1946
Arrangements for Civil Administration and Jurisdiction
Concerning United States Forces in Italy.

1. Preamble. No comments.
2. Para 1, Line 5. Omit words "designated bases" and substitute "such bases as may be required".

Note: believe that the sense should be liberalized so as to permit operational requirements to be met if necessary before a base has been "designated".
3. Para 2. Add subpara 2 e to read: The Italian Government agrees, that in the event of the failure of Italian facilities which would in the opinion of the Commanding General prejudice the accomplishment of his military mission, he shall have the right to take over and operate such facilities to the extent deemed necessary.

Note: The possibility of military action in northeast Italy must not be excluded. It is also possible that civil disorders might render the railways or telecommunications systems being utilized by the military forces incapable of operation. In such cases the Commanding General should enjoy the same privileges which the Federal Government enjoys in the United States, and not be placed at the disadvantage of prolonged negotiations.
4. Para 3. No comment.
5. Para 4. No comment.
6. Para 5. No comment.
7. Para 6. There are two paragraphs numbered six. Sub-para 6(d). Insert in the second line after the word "agreement" and before the word "will" the phrase "which are made available" to the Italian Government.

Note: the intent of this para is not clear. It is construed, as originally written, to require all surpluses to be disposed of under an Italian agreement. The added phrase is in keeping with the present policies which permits disposals to other agencies, such as veterans, without reference to the Italians.
8. Para 6. No comment on the second para sin.
9. Para 7. No comment.
10. Para 8. Subpara 8(b). In the first line after the word "at" and before the word "the" add the words "not to exceed" and omit the word "only".

Note: This is for clarity only. It is impracticable always to follow rapid fluctuation in Italian wages, and sometimes undesirable to do so. It is presumed that the intention is to prevent the occupying forces from paying

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Note: This is for clarity only. It is impracticable always to follow rapid fluctuation in Italian wages, and sometimes undesirable to do so. It is presumed that the intention is to prevent the occupying forces from paying higher than normal wages and thereby produce discontent and inflationary tendencies.

Subpara 8(c). In the second line after the word "facilities" and before the word "made", add the phrase, "or transportation services". In line 4 after the word "facilities" add the phrase "or transportation services".

Note: It is not clear from the text how it is intended that transportation costs will be handled. The matter might equally well be placed under para 8(d) as a service. Because of this uncertainty the manner of handling such costs should be specifically mentioned.

11. Para 9. Subpara 9(b). In line 2 omit the words "civil matters" and substitute the phrase "matters relating to civil law".

Note: this change is to assure that criminal offenses are included.

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Subpara 9(e) In second line after the word "trial" add the words "by United States military tribunals". In the third line after the word "trial" add the words "by Italian legal tribunals".

Note: It is most desirable to retain the authority to try Italians who commit offenses against the security of the US Forces. The Italian legal system has not yet reached a point where reasonably prompt trials can be expected. Experience to date has shown a most deplorable lack of energy in prosecuting offenders against Allied military persons, property and security, and a failure to impose sentences anywhere near commensurate with the seriousness of offenses committed. While the authority to try offenses should be retained, especially in view of possible disorders or operations in northeast Italy, as a matter of policy it need not be exercised.

12. Para 10. No comment.

13. Para 11. Add the sentence: "this is without prejudice to the provisions of para 9(e) above".

14. Para 12. No comment.

15. Para 13. No comment.

16. Para 14. No comment.

17. Para 15. Subpara 15(b). In line 2 place a period after the word "territory". Delete the remainder of the sentence. Substitute a new sentence to read "at the request of the Commanding General under appropriate arrangements that may be entered into, the Italian Government will hold all such persons listed in para 15(a) above for any of the Allied Governments".

Note: After UNRRA has accepted all displaced persons and refugees which its charter will permit, there will remain a considerable group totalling not less than 10,000 and depending on decisions made on a higher level possibly many thousands more. Presumably they will remain an Allied commitment as long as Allied command exists. The possibility remains that the United States military authorities may have to assume full care for one-half of them. Unless this burden is placed on the Italians themselves, the final phase out of US personnel might be delayed indefinitely. The Italian Government is now charged with the feeding of this personnel.

18. Para 16. No comment.

19. Para 17. No comment.

20. Para 18. No comment.

21. Para 19. This para appears to exclude UNRRA personnel which are still classified in this theater as camp followers.

22. Para 20. In line 3 after the word "Austria" add the words "or any portion of Italian territory which may be provided for in the agreement modifying the Armistice Regime".

of para 9(e) above.

- 14. Para 12. No comment.
- 15. Para 13. No comment.
- 16. Para 14. No comment.

- 17. Para 15. Subpara 15(b). In line 2 place a period after the word "territory". Delete the remainder of the sentence. Substitute a new sentence to read "at the request of the Commanding General under appropriate arrangements that may be entered into, the Italian Government will hold all such persons listed in para 15(a) above for any of the Allied Governments".

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Note: This conforms with para 2 of the preamble.

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APPENDIX C ENCLOSURE ARRANGEMENTS FOR CIVIL
ADMINISTRATION AND JURISDICTION CONCERNING
UNITED STATES FORCES IN ITALY.

Draft

Whereas an Agreement modifying the Armistice Regime is being entered into between the United States of America and other Allied Powers, acting on behalf of the United Nations, and Italy which Agreement Modifying the Armistice Regime will terminate the rights of the United States and its armed forces under the previous Armistice ~~agreements~~ ^{agreements} and as a result of the occupation of Italy; and

Whereas it is agreed that certain of these rights must be continued during the period of deployment of US forces in Italy and during the continued occupation of any portion of Italian territory which may be provided for in the Agreement Modifying the Armistice Regime; and

Whereas, during the temporary occupation of Germany and Austria by the United States, it will be necessary to insure appropriate provisions to protect the interests of the US forces temporarily present in or passing through Italy, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside Italy in consequence of the Allied arrangements for the occupation and control of Germany and Austria or for any other temporary purposes arising out of the war against Germany and Japan;

For the purpose of setting forth the arrangements and rights which it is desired be continued upon and after conclusion of the Agreement Modifying the Armistice Regime referred to above, the Italian Government and Commanding General of the US Forces in Italy (hereinafter referred to as the Commanding General) have entered into the following agreement:

1. The US Forces shall have full, free and unrestricted right to enter, pass through, stay in and depart from Italy, including the right to navigate in Italian territorial waters and to have such free passage, as may be required in the interest of the US, for all types of aircraft over or within Italy, including landing at designated bases and the transportation of personnel, material and mail. The necessary technical arrangements for advising the Italian authorities of such movements shall be made between the Commanding General and the appropriate Italian authorities.

2. (a) The Italian Government agrees to the stationing in Italy of US personnel necessary for the purposes contemplated by this agreement including housekeeping, security, land, air and port operations. It further agrees to furnish all services and facilities and priorities required by US forces for the use of designated Italian ports (including dock yards, dry docks, and ship repairing facilities), public services, utilities, railroads, inland waterways, roads, posts, telecommunications and airfields. Such airfield facilities and accommodations, and the right to make necessary extensions and improvements thereto, as are designated for the purpose of US military aviation will be provided at the request of the Commanding General. Such airbases will be under the exclusive control of the US forces during such temporary period. On such airfields as the US forces require the status of "lodger rights" only, the Italian Government will furnish facilities for the operation and protection of US Government aircraft.

Whereas, during the temporary occupation of Germany and Austria by the United States, it will be necessary to insure appropriate provisions to protect the interests of the US forces temporarily present in or passing through Italy, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside Italy in consequence of the Allied arrangements for the occupation and control of Germany and Austria or for any other temporary purposes arising out of the war against Germany and Japan;

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2. (a) The Italian Government agrees to the stationing in Italy of US personnel necessary for the purposes contemplated by this agreement including housekeeping, security, land, air and port operations. It further agrees to furnish all services and facilities and priorities required by US forces for the use of designated Italian ports (including dock yards, dry docks, and ship repairing facilities), public services, utilities, railroads, inland waterways, roads, posts, telecommunications and airfields. Such airfield facilities and accommodations, and the right to make necessary extensions and improvements thereto, as are designated for the purpose of US military aviation will be provided at the request of the Commanding General. Such airbases will be under the exclusive control of the US forces during such temporary period. On such airfields as the US forces require the status of "lodger rights" duty, the Italian Government will furnish facilities for the operation and protection of US Government aircraft and property. The Commanding General in consultation with the Italian Government may, when necessary, assist in the operation or rehabilitation of the facilities and services covered by this paragraph.
- (b) In particular, the Italian Government agrees that for mutual convenience special areas in the above mentioned Italian ports may be designated by the Commanding General for the exclusive use of the US forces or for other purposes required by him. Such areas will remain under Italian civil administration, but the Commanding General shall have the right to police the areas and control the operation of port facilities therein.
- (c) The Italian Government further agrees that the Commanding General shall have all rights necessary to the creation of maintenance for such time as shall appear necessary, of such posts, camps, stations, hospitals, shops, depots, staging areas, and such other military facilities and installations as he may determine to be necessary to the efficient maintenance, administration and operations of the US forces.

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(d) The appropriate Italian authorities will render assistance to the Commanding General in taking steps necessary to control epidemics of disease which constitute a threat to the health and welfare of the US forces.

3. In order to meet telecommunications requirements of the US forces, the Italian Government will grant the following facilities and services to the Commanding General:

(a) Access to, and use of, Italian telecommunications, radar, power and other communication facilities and services, including radio, and radar aids to navigation as may be required for purposes of US forces of occupation in Germany and Austria and of US forces in Italy.

(b) The right to construct, maintain and operate such radio and radar stations, weather facilities and landline communications networks, including servicing facilities as the Commanding General may from time to time deem to be necessary for naval, military or air purposes, including the right to use and maintain necessary codes and security equipment.

4. Until agreement is reached to coordinate, regulate and allocate frequencies for radio and radar communication networks and installations, the appropriate Italian authorities will cooperate with the US military authorities for the purposes referred to in para 3 above, and will accord to the US forces priority of use of those frequencies and power which may be required for naval, military or air purposes.

5. The Italian Government agrees that the US forces may conduct their own postal system.

6. (a) In agreement with the Commanding General, the Italian Government will make available to the US forces such lands, buildings, installations and covered storage and other similar facilities as may be required from time to time by the US forces for the accommodation, servicing of aircraft, the storage of equipment, stores and supplies, or any other purposes.

(b) After consultation with the Italian Government, the Commanding General, when he deems it necessary, may inspect, demolish or remove structures which menace security, impede new construction or which, even if outside airfields boundaries, endanger the lives of aircraft pilots, crews or passengers, and may remove US military bridges after giving reasonable notice of such proposed removal to the appropriate Italian authorities.

(c) The Commanding General shall have freedom of access to and the right of removal of any or all US property in Italy. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.

(d) Any surpluses arising as a result of US forces remaining in Italy pursuant to this agreement will be disposed of solely in accordance with the terms of any overall agreement arrived at by the US and the Italian Governments with respect to US surplus property in Italy.

6. The US forces shall be granted right-of-way for, and access to, ⁵⁴ military petroleum pipe lines and installations, situated in Italian territory,

4. Until agreement is reached to coordinate, regulate and allocate frequencies for radio and radar communication networks and installations, the appropriate Italian authorities will cooperate with the US military authorities for the purposes referred to in para 3 above, and will accord to the US forces priority of use of those frequencies and power which may be required for naval, military or air purposes.
5. The Italian Government agrees that the US forces may conduct their own postal system.
6. (a) In agreement with the Commanding General, the Italian Government will make available to the US forces such lands, buildings, installations and covered storage and other similar facilities as may be required from time to time by the US forces for the accommodation, servicing of aircraft, the storage of equipment, stores and supplies, or any other purposes.
- (b) After consultation with the Italian Government, the Commanding General, when he deems it necessary, may inspect, demolish or remove structures which menace security, impede new construction or which, even if outside airfields boundaries, endanger the lives of aircraft pilots, crews or passengers, and may remove US military bridges after giving reasonable notice of such proposed removal to the appropriate Italian authorities.
- (c) The Commanding General shall have freedom of access to and the right of removal of any or all US property in Italy. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.
- (d) Any surpluses arising as a result of US forces remaining in Italy pursuant to this agreement will be disposed of solely in accordance with the terms of any overall agreement arrived at by the US and the Italian Governments with respect to US surplus property in Italy.
6. The US forces shall be granted right-of-way for, and access to, ~~the~~ military petroleum pipe lines and installations, situated in Italian territory, connected with the distribution of petroleum products to such forces or to US forces of occupation in Germany and Austria.
7. (a) The US forces shall have the right to purchase local produce, supplies and manufactured goods and to contract for services in Italy. In order that such purchases may not have any adverse effect upon Italian economy the US military authorities will consult with the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchase by the US forces.
- (b) The Italian Government will, so far as may be reasonably practicable, arrange for the continued use of Italian manufacturing capacity to meet other US military requirements.
8. (a) The US forces shall have the right to employ local civilian labour directly or through appropriate local Italian authorities.

-3-

(b) Paymen at the prevailing wage rates on shall be made by the US Forces directly to local civilian labor. Payment shall be made by the US forces directly to suppliers of goods purchased and services contracted for in accordance with paragraphs 7 and 8. Payments described in this paragraph shall be subject to final settlement in accordance with paragraph 8(d) below.

(c) No payment shall be made by the US forces for the use of fixed installations or facilities made available in accordance with this agreement. However, the agreed rental value of such fixed installations and cost of such facilities used by the US forces shall be credited to the Italian Government against its obligations to the Government of the United States.

(d) The financial conditions governing the supply of Italian lira to the US forces, payment thereof and payment for services and facilities and related questions will be made the subject of a separate agreement between the United States and Italian Governments. Pending conclusion of such agreement the financial terms laid down in the Armistice Agreement, dated 29 September 1943 shall govern the financial relations between the US forces and the Government of Italy. The US forces shall establish such additional arrangements as are necessary to implement the financial terms of the Armistice Agreement. These arrangements shall include the establishment of a lira account, through which medium the Italian Government shall reimburse the US forces for lira payments made by US disbursing officers in payment for expenses, which under the Armistice Agreement, are properly chargeable to the Italian Government.

9. (a) Without prejudice to the provisions of para 15, US military courts and authorities shall have exclusive jurisdiction over all members of the US forces and over all persons of non-Italian nationality not belonging to such forces but who are employed by or who accompany or serve with those forces and are subject to US Naval or military law.

(b) Arrangements concerning the exercise of jurisdiction in civil matters over non-military personnel referred to in paragraph (a) above will be made the subject of a separate agreement but until and unless such agreement is adopted, the Italian courts shall not exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.

(c) The right is reserved to conduct and carry to ultimate conclusion the trial by Allied or US military tribunals of any person now charged with an offense committed before the effective date of this agreement and cognizable under any proclamation order theretofore issued by or on behalf of the Allied Military Government, or cognizable under Italian law or the laws of war if committed against persons, property or security of the Allied forces. In the event of the trial of any such case by a US Military Tribunal the consent of the British Commander in Italy to the proceedings shall be deemed to confer upon such tribunal an Allied jurisdiction within the provisions of the said proclamations or orders.

(d) The sentences imposed by Allied or US Military Tribunals in cases tried pursuant to subparagraph (c) above, shall be treated by the Italian Government in the same manner as sentences imposed by Allied Military Tribunals prior to the effective date of this agreement.

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of Italy. The US forces shall establish such additional arrangements as are necessary to implement the financial terms of the Armistice Agreement. These arrangements shall include the establishment of a lira account, through which medium the Italian Government shall reimburse the US forces for lira payments made by US disbursing officers in payment for expenses, which under the Armistice Agreement, are properly chargeable to the Italian Government.

2. (a) Without prejudice to the provisions of para 15, US military courts and authorities shall have exclusive jurisdiction over all members of the US forces and over all persons of non-Italian nationality not belonging to such forces but who are employed by or who accompany or serve with those forces and are subject to US Naval or military law.

(b) Arrangements concerning the exercise of jurisdiction in civil matters over non-military personnel referred to in paragraph (a) above will be made the subject of a separate agreement but until and unless such agreement is adopted, the Italian courts shall not exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.

(c) The right is reserved to conduct and carry to ultimate conclusion the trial by Allied or US military tribunals of any person now charged with an offense committed before the effective date of this agreement and cognizable under any proclamation order theretofore issued by or on behalf of the Allied Military Government, or cognizable under Italian law or the laws of war if committed against persons, property or security of the Allied forces. In the event of the trial of any such case by a US Military Tribunal the consent of the British Commander in Italy to the proceedings shall be deemed to confer upon such Tribunal an Allied jurisdiction within the provisions of the said proclamations or orders.

(d) The sentences imposed by Allied or US Military Tribunals in cases tried pursuant to subparagraph (c) above, shall be treated by the Italian Government in the same manner as sentences imposed by Allied Military Tribunals prior to the effective date of this agreement.

(e) United States Military authorities shall have the right to arrest and detain for trial or request the Italian Government to arrest and detain for trial any persons deemed to be a danger to the security of US forces or their installations in Italy.

10. (a) The US forces shall have the exclusive right to police their own installations, camps and other areas and buildings specially used by them and to employ Military Police patrols in any other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the jurisdiction of the Italian authorities may be arrested by the US Military Police within such installations, camps, areas and buildings and detained by them until they can be handed over to the appropriate Italian authorities, subject to the provisions of paragraph 9(c) (a) and (e) above.

(b) The Italian police may arrest personnel subject to the exclusive jurisdiction of US Military courts and authorities for offenses or suspected offenses against Italian law outside the installations, camps, areas and buildings referred to in the preceding sub-paragraph, and detain them until they can be handed over for disposal to the appropriate US military authority. A certificate

signed by a US official that the person to whom it refers belongs to one of the classes mentioned in paragraph 9(a) above shall be conclusive. The procedure for handing over such persons is a matter for local arrangements. Immediate notification of any such arrest will be given to the nearest US military installation.

11. The Italian Government will make the necessary arrangements for insuring the trial without delay by Italian courts of persons who are alleged to have committed offenses against the persons, property or security of the US forces.

12. The Commanding General and the appropriate Italian authorities will establish a machinery for such mutual assistance as may be required for making investigations, collecting evidence and securing the attendance of witnesses in relation to cases triable under Allied, US or Italian jurisdiction, and to provide procedure for punishment, in appropriate courts of witnesses who refuse or fail to comply with a summons, improperly refuse to testify or who commit perjury or contempt of court.

13. The Government of Italy hereby relinquishes all claims for indemnity national and individual, of every kind, on behalf of itself, its citizens or nationals, against the United States, its citizens, nationals or employees, that may have arisen or may arise in consequence of or in connection with the entry into and occupation of Italian territory by the armed forces of the United States; and the Government of Italy agrees that such claims of its citizens and nationals shall constitute charges against it, agrees to pay such claims submitted by responsible military authorities of the United States or by persons including but not limited to corporations, partnerships and similar entities residing or whose principal place of business is Italy or Italian territory and agrees to indemnify and save harmless therefrom the Government of the United States, its citizens, nationals and employees. The Italian Government agrees to establish the necessary organization to carry out the obligations herein undertaken.

14. (a) Members of the US forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government shall be exempt from any impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall also apply to property imported by the US forces or by organizations employed by or accompanying these forces for use or for distribution as relief or otherwise, in Italy or elsewhere.

(b) Without limiting the generality of subparagraph (a) of this paragraph, no impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies shall apply to or with respect to the sale or other disposition, for export or otherwise, of surplus or any other US Government material or property, nor shall the Italian Government or any of its political subdivisions or agencies discriminate, by taxation or otherwise, against the purchaser or recipient of such material or property on account of the acquisition, use or disposition of such material or property.

15. (a) The Commanding General shall have the right to hold displaced and stateless persons, enemy prisoners of war, disarmed enemy personnel, war

provide procedure for punishment, in appropriate courts of witnesses who refuse or fail to comply with a summons, improperly refuse to testify or who commit perjury or contempt of court.

13. The Government of Italy hereby relinquishes all claims for indemnity national and individual, of every kind, on behalf of itself, its citizens or nationals, against the United States, its citizens, nationals or employees, that may have arisen or may arise in consequence of or in connection with the entry into and occupation of Italian territory by the armed forces of the United States; and the Government of Italy agrees that such claims of its citizens and nationals shall constitute charges against it, agrees to pay such claims submitted by responsible military authorities of the United States or by persons including but not limited to corporations, partnerships and similar entities residing or whose principal place of business is Italy or Italian territory and agrees to indemnify and save harmless therefrom the Government of the United States, its citizens, nationals and employees. The Italian Government agrees to establish the necessary organization to carry out the obligations herein undertaken.

14. (a) Members of the US forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government shall be exempt from any impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall also apply to property imported by the US forces or by organizations employed by or accompanying these forces for use or for distribution as relief or otherwise, in Italy or elsewhere.

(b) Without limiting the generality of subparagraph (a) of this paragraph, no impost, tax, charge or duty of any kind whatsoever imposed by the Italian Government or any of its political subdivisions or agencies shall apply to or with respect to the sale or other disposition, for export or otherwise, of surplus or any other US Government material or property, nor shall the Italian Government or any of its political subdivisions or agencies discriminate, by taxation or otherwise, against the purchaser or recipient of such material or property on account of the acquisition, use or disposition of such material or property.

15. (a) The Commanding General shall have the right to hold displaced and stateless persons, enemy prisoners of war, disarmed enemy personnel, war criminals, and security suspects of Italian or enemy nationality in refugee, prisoner of war or internment camps in Italian territory or to remove them from such camps at will.

(b) The Italian Government shall have the right to hold prisoners of war (German) and displaced persons in Italian territory, and at the request of the Commanding General under appropriate arrangements that may be entered into, will hold such persons for any of the Allied Governments.

(c) The Italian Government will cooperate in facilitating the repatriation of displaced persons and the disposition of stateless persons from or through Italy.

16. Arrangements for the disposal of the remains of deceased members of the US forces of World War II and erection of monuments will be set forth in a separate agreement.

17. The Italian Government when requested will attach to the US forces

Italian officers or civilian officials for liaison duty to assist the US military authorities in their relations with the Italian civil and military authorities. These liaison officers or officials, whose numbers and qualifications will be agreed upon between the Commanding General and the appropriate Italian ministries, shall so far as possible be employed as intermediaries between the US military authorities and the Italian local authorities in the execution of the provisions of this agreement and in other matters.

18. The interpretation of this agreement, the settlement of any difficulties arising therefrom, and the question of appropriate supplementary arrangements covering questions not dealt with in this agreement, shall form the basis of further discussions between the United States and the Italian Government.

19. The term "US Forces" when used in this agreement shall be defined as "US Armed Forces and Governmental organizations and accredited agencies operating under or in conjunction with such forces" whenever applicable. The term "Italy" shall be deemed for the purposes of this agreement to include all territories under Italian sovereignty and the territorial waters around them.

20. The foregoing agreement shall be in full force and effect from the date of signing of this agreement and shall continue for such time as the occupation of Germany or Austria by the US forces shall continue and for such reasonable time thereafter as is required for the withdrawal of the US force.

SECRET

SECRET

Ref: 615/27/30.

25 February 1946.

SUBJECT: Civil Affairs Agreement.

TO : Allied Force Headquarters.
Attn: G-5 Section.

1. In my 2806/RT of 6 Dec 45 I made reference to the draft Civil Affairs Agreements prepared by US and British War Departments and gave as my opinion that it would be advisable if these could be amended, with especial reference to the British draft.

2. I have recently studied the Convention between H.M. Government in the United Kingdom and the Egyptian Government concerning the Immunities and Privileges to be enjoyed by the British Forces in Egypt, which is attached to the Anglo-Egyptian Treaty of 1936. I feel that most of the rights and privileges required by the Allied Forces in Italy are covered by the Terms of this document; but the Anglo-Egyptian Convention is couched in language more applicable to a Treaty than the drafts mentioned above, which might well be construed by the Italians to be a continuation of the Armistice Terms.

3. Below is a list of clauses in the Convention and roughly the corresponding clauses of the Civil Affairs Agreement:

<u>Anglo-Egyptian Convention.</u>		<u>British Civil Affairs Agreement.</u>
Para 4	for	IX
" 5	"	XI(1)
" 6	"	III, IV, II
" 7 (parts of)	"	XV, XVI, XVIII
" 9	"	II(2), XII
" 10	"	XIII
" 11	"	IX, X
" 12	"	IX, X
" 13	"	XIII
" 15	"	XVIII

4. I suggest, therefore, that AFHQ might be instructed to study the Anglo-Egyptian Convention and to evolve a similar Convention safeguarding the Allied Forces in Italy after the publication of the Peace Treaty, in language more appropriate to a Treaty. I think it most desirable that such a Convention as the Civil Affairs Agreement should be identical for US and British Forces.

5. I attach 6 copies of the "Convention between H.M. Government in the UK and the Egyptian Government concerning the Immunities and Privileges to be enjoyed by British Forces in Egypt."

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Copy to: US Embassy.
BR Embassy.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1125

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

785015

COPY

F/325 (FINAL)

ALLIED FORCE HEADQUARTERS

Mediterranean Joint Planning Staff

COPY NO 32

12 February 1946

TRANSFER OF MILITARY MAINTENANCE FROM TRIESTE TO VENICE

85
SEE 114 IN 1002-2/CC

TOP SECRET

102-2/CC

68

69

11a

CROSS REFERENCE SHEET

EAC (45) 7th Meeting

4 October 1945

SACMED's CONFERENCE, Minutes

Para 8

MILITARY & CIVIL AFFAIRS AGREEMENTS

WITH ITALY

Refs: JPS Studies Nos. P/312 (Revised) & P/313 (Revised)

US comments approved but not dispatched; British to be amended.

DOCUMENT FILED IN 1002-1/CC

Ea

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1127

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CROSS REFERENCE SHEET

P/313

2 Oct 45

AFHQ Med Joint Planning Staff Paper:

MILITARY & CIVIL AFFAIRS AGREEMENT WITH ITALY (US COMMENT)

With draft cable to CCS

DOCUMENT FILED IN 1002-2/CC

1022/50

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CROSS REFERENCE SHEET

P/312

2 Oct 45

AFHQ Med Joint Planning Staff Paper:

MILITARY AND CIVIL AFFAIRS AGREEMENTS WITH ITALY (BRITISH COMMENT)

With draft signal

DOCUMENT FILED IN 1002-2/CC

(7)

1002-2/CC

60

CROSS REFERENCE SHEET

AFHQ SACMED'S POLITICAL CONFERENCE, MINUTES

SAC (45) 6th Meeting

27 September 1945

Para 10

MILITARY AND CIVIL AFFAIRS AGREEMENTS WITH ITALY

(Refs: JPS Studies Nos. P/312 (Final) and P/313 (Final))

DOCUMENT FILED IN 1002-1/CC

1002-1/CC

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(6)

1130

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

785015

CROSS REFERENCE SHEET

AFHQ Med. Joint Planning Staff

P/313 (Final)

26 September 1945

DRAFT MILITARY AND CIVIL AFFAIRS AGREEMENT
BETWEEN THE UNITED STATES AND ITALY

DOCUMENT FILED IN 1002-2/CC

1002-2/CC

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13 September 1945

ARRANGEMENTS FOR CIVIL ADMINISTRATION AND JURISDICTION
CONCERNING UNITED STATES FORCES IN ITALY

Whereas it is anticipated that a treaty of peace will shortly be entered into between the United States of America and other Allied Powers, acting on behalf of the United Nations, and Italy which treaty will terminate the rights of the United States and its armed forces under the armistice and instrument of Surrender as a result of the occupation of Italy; and

Whereas it is agreed that certain of these rights must be continued during the period of redeployment of U.S. forces in Italy and during the continued occupation of any portion of Italian territory which may be provided for in the treaty; and

Whereas during the temporary occupation of Germany and Austria by the United States, it will be necessary to insure appropriate provisions to protect the interests of the U.S. forces temporarily present in or passing through Italy, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside Italy in consequences of the Allied arrangements for the occupation and control of Germany and Austria or for any other temporary purpose arising out of the war against Germany and Japan;

For the purpose of setting forth the arrangements and rights which it is desired to be continued upon and after the conclusion of the Treaty of Peace referred to above, the Italian Government and Commanding General, Mediterranean Theater of Operations (hereinafter referred to as the Commanding General) have entered into the following agreements:

1. The U.S. forces shall have full and unrestricted right to enter, pass through, stage in and depart from Italy, including the right to navigate in Italian territorial waters and to have such free passage, as may be required in the interests of the U.S., for all types of aircraft over or within Italy including landing at designated bases and the transportation of personnel, material and mail.

The necessary technical arrangements for advising the Italian authorities of such movements shall be made between the Commanding General and the appropriate Italian authorities.

2. (a) The Italian Government agrees to the stationing in Italy of U.S. personnel for the purpose contemplated by this agreement including housekeeping, security and air and port operations. It further agrees to furnish all facilities and priorities required by U.S. forces for the use of Italian ports (including dock yards and ship repairing facilities) railroads, inland waterways, roads, posts, telecommunications and airfields. Such airfields for the purpose of military aviation during the temporary period of occupation of Germany and Austria shall include the air bases of Foglia Main and Capelli at Foggia and the air base at Chedi, with the right on the part of the Commanding General to make, during such temporary period, necessary extensions and improvements thereof. The three (3) air bases specified above and such other bases as may be required by the Commanding General shall be under exclusive control of the United States during such temporary period.

(b) In particular, the Italian Government agrees that the mutual conference created between Italian ports may be designated by the Commanding General.

by the United States, it will be necessary to protect the interests of the U.S. forces temporarily present in of passing through Italy, and to safeguard all equipment and stores belonging to and destined for use or distribution by such forces both inside and outside Italy in consequences of the Allied arrangements for the occupation and control of Germany and Austria or for any other temporary purpose arising out of the war against Germany and Japan;

For the purpose of setting forth the arrangements and rights which it is desired to be continued upon and after the conclusion of the Treaty of Peace referred to above, the Italian Government and Commanding General, Mediterranean Theater of Operations (hereinafter referred to as the Commanding General) have entered into the following agreements:

1. The U.S. forces shall have full and unrestricted right to enter, pass through, stage in and depart from Italy, including the right to navigate in Italian territorial waters and to have such free passage, as may be required in the interests of the U.S., for all types of aircraft over or within Italy including landing at designated bases and the transportation of personnel, material and mail.

The necessary technical arrangements for advising the Italian authorities of such movements shall be made between the Commanding General and the appropriate Italian authorities.

2. (a) The Italian Government agrees to the stationing in Italy of U.S. personnel for the purpose contemplated by this agreement including housekeeping, security and air and port operations. It further agrees to furnish all facilities and priorities required by U.S. forces for the use of Italian ports (including dock yards and ship repairing facilities) railroads, inland waterways, roads, posts, telecommunications and airfields. Such airfields for the purpose of military aviation during the temporary period of occupation of Germany and Austria shall include the air bases of Foggia, Main and Capelli at Foggia and the air base at Chedi, with the right on the part of the Commanding General to make, during such temporary period, necessary extensions and improvements thereof. The three (3) air bases specified above and such other bases as may be required by the Commanding General shall be under exclusive control of the United States during such temporary period.

(b) In particular, the Italian Government agrees that the mutual convenience special areas in Italian ports may be designated by the Commanding General for the exclusive use of the U.S. forces or for other purposes required by him. Such areas will remain under Italian civil administration, but the Commanding General shall have the right to police the areas and control the operations of such port facilities therein.

(c) The Italian Government further agrees that the Commanding General shall have all rights necessary to the creation or maintenance for such time as shall appear necessary, of such posts, camps, stations, hospitals, shops, staging areas, and such other military facilities and installations as may be necessary to the efficient administration and operations of the U.S. forces.

(d) The appropriate Italian authorities will render assistance to the Commanding General in taking steps necessary to control epidemic or disease which constitute a threat to the health and welfare of the U.S. forces.

(e) The Italian Government agrees that, in the event of a failure of the military mission, the Commanding General shall have the right to take over and operate such facilities.

3. In order to meet technical communications requirements of the U.S. forces, the Italian Government will grant the following facilities to the Commanding General:

(a) Full access to, and use of, Italian telecommunications, navigation and other communication services, including radio and radar aids to Germany and Austria and of the U.S. forces of occupation in Italy.

(b) The right to construct, maintain and operate such radio and radar stations, weather facilities and landline communications networks, including servicing facilities as may from time to time prove to be necessary for naval, military or air purposes, including the use and security of necessary codes.

4. Until agreement is reached to coordinate, regulate and allocate appropriate Italian authorities will cooperate with the U.S. military authorities for the purposes referred to in paragraph 3 above, and will accord to the U.S. forces priority of use of those frequencies and power which may be required for naval, military, or air purposes.

5. The Italian Government agrees that the U.S. forces may conduct their own postal system.

6. (a) The Italian Government will make available to the U.S. forces such lands, buildings, and covered storage and other similar facilities as may be required from time to time by the U.S. forces for the accommodation and training of troops, the operation, housing and servicing of aircraft, the storage of equipment, stores and supplies, or any other purposes. Any necessary requisitions will be carried out by the Italian Government.

(b) The Italian Government will make available to the U.S. forces in Italy public service facilities necessary to meet the normal requirements of such forces.

(c) The Commanding General, when he deems it necessary, may inspect, demolish or remove structures which menace security, impede new construction or which, even if outside airfield boundaries, endanger the lives of aircraft pilots, crews or passengers, and may remove military bridges after giving reasonable notice of such proposed removal to the appropriate Italian authorities.

(d) No payment shall be made by the U.S. forces for the use of facilities made available in accordance with this agreement. However, the agreed rental value of fixed installations and the cost of public service facilities used by the U.S. forces shall be credited to the Italian Government against its obligations to the Government of the United States.

(e) The Commanding General shall have freedom of access to and the right of removal of any or all U.S. property in Italy. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.

7. During the period of redeployment and whenever deemed necessary by the Commanding General in connection with the occupation of Germany and Austria, the Italian transport system he deems necessary, with the right on his part to rehabilitate it or assist in its rehabilitation.

8. The U.S. forces shall be granted right of way for, and access to, all military petroleum pipe lines and installations.

frequencies for radio and radar communication net-works and installations, the appropriate Italian authorities will cooperate with the U.S. military authorities for the purposes referred to in paragraph 3 above, and will accord to the U.S. forces priority of use of those frequencies and power which may be required for naval, military, or air purposes.

5. The Italian Government agrees that the U.S. forces may conduct their own postal system.

6. (a) The Italian Government will make available to the U.S. forces such lands, buildings, and covered storage and other similar facilities as may be required from time to time by the U.S. forces for the accommodation and training of troops, the operation, housing and servicing of aircraft, the storage of equipment, stores and supplies, or any other purposes. Any necessary requisitions will be carried out by the Italian Government.

(b) The Italian Government will make available to the U.S. forces in Italy Italy public service facilities necessary to meet the normal requirements of such forces.

(c) The Commanding General, when he deems it necessary, may inspect, demolish or remove structures which menace security, impede new construction or which, even if outside airfield boundaries, endanger the lives of aircraft pilots, crews or passengers, and may remove military bridges after giving reasonable notice of such proposed removal to the appropriate Italian authorities.

(d) No payment shall be made by the U.S. forces for the use of facilities made available in accordance with this agreement. However, the agreed rental value of fixed installations and the cost of public service facilities used by the U.S. forces shall be credited to the Italian Government against its obligations to the Government of the United States.

(e) The Commanding General shall have freedom of access to and the right of removal of any or all U.S. property in Italy. The Italian Government agrees to lend such assistance as may be required in forcing delivery of any such property upon the request of the Commanding General for such assistance.

7. During the period of redeployment and whenever deemed necessary by the Commanding General in connection with the occupation of Germany and Austria, the Commanding General may operate or assist with the operations of any portion of the Italian transport system he deems necessary, with the right on his part to rehabilitate it or assist in its rehabilitation.

8. The U.S. forces shall be granted right of way for, and access to, all military petroleum pipe lines and installations, situated in Italian territory, connected with the distribution of petroleum products to such forces or to the U.S. forces of occupation in Germany or Austria.

9. The U.S. forces shall have the right to employ local civilian labor directly or through appropriate local Italian authorities.

10. (a) The U.S. forces shall have the right to purchase local produce, supplies, and manufactured goods in Italy. In order that such purchases may not have an adverse effect upon Italian economy, the U.S. military authorities will consult the appropriate Italian authorities upon the particular articles which, from time to time, shall be excluded from local purchase by the U.S. forces.

(b) The Italian Government will, so far as may be reasonably practicable, arrange for the continued use of Italian manufacturing capacity to meet meet other U.S. military requirements in Italy or elsewhere.

11 (a) Payment at the prevailing wage rates only shall be made by the U.S. forces directly to local civilian labor employed in accordance with paragraph 9. Any additional allowance granted under Italian law will be borne by the Italian government. Payment shall be made by the U.S. forces directly to suppliers of goods purchased in accordance with paragraph 10.

b. The financial conditions governing the supply of Italian lira to the U.S. forces, payment thereof, and related questions will be made the subject of a separate agreement between the United States and the Italian Government. Pending a conclusion of such an agreement, the requirements of the U.S. forces will be advanced by the Italian Government in accordance with periodic requests by the Commanding General and settlement of such lira advances will continue to be made in accordance with existing not troop pay procedure. In the event of a devaluation of the lira prior to the conclusion of the inter-governmental agreement mentioned above, the Italian Government will make adjustments for lira in the possession of U.S. forces in Italy, including official, quasi-official, and personnel funds in the hands of U.S. military personnel and quasi-official organizations, by issuing to the U.S. forces sufficient additional lira to equalize the dollar equivalent thereof.

12. (a) Without prejudice to the provisions of paragraph 20, U.S. military courts and authorities shall have exclusive jurisdiction over all members of the U.S. forces and over all persons of Italian nationality not belonging to such forces but who are employed by or who accompany those forces and are subject to U.S. naval or military law.

(b) The right is reserved to conduct and carry to ultimate conclusion the trial by Allied Military Tribunals or U.S. Military Courts of any person alleged to have committed offenses after the effective date of this agreement and cognizable under the Italian law if committed against persons, property or security of the Allied forces.

(c) The right is also reserved to conduct and carry to ultimate conclusion the trial by Allied Military Tribunals or U.S. Military Courts of any person alleged to have committed offenses after the effective date of this agreement against persons, property or security of the U.S. forces. However, this right is reserved is intended to be used sparingly and only when in the opinion of the Commanding General it becomes necessary as a means of eliminating or minimizing serious interferences with the redeployment or maintenance of U.S. forces in Italy.

(d) The sentences imposed by Allied Military Tribunals of U.S. Military Courts in cases tried pursuant to subparagraphs (b) and (c) above, shall be treated by the Italian Government in the same manner as sentences imposed by Allied Military Tribunals prior to the effective date of this agreement.

13. (a) The U.S. forces shall have the rights to police their own camps and other areas and buildings requisitioned or otherwise set aside for their special use and to employ Military Police patrols in other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the jurisdiction of Italian authorities may be arrested by the U.S. Military Police within such camps, areas and buildings and detained by them until they can be handed over to the appropriate Italian authorities, subject to the provisions of paragraph 12 (b) and (c) above.

(b) The Italian police may arrest non-military personnel subject to the exclusive jurisdiction of the U.S. Military courts and authorize for offenses or suspected offenses against Italian law outside the camps, areas and buildings referred to in the preceding subparagraph and detain them until they can be handed over for disposal to the appropriate U.S. military authority. A certificate

courts and authorities shall have exclusive jurisdiction over all members of the U.S. forces and over all persons of Italian nationality not belonging to such forces but who are employed by or who accompany those forces and are subject to U.S. naval or military law.

(b) The right is reserved to conduct and carry to ultimate conclusion the trial by Allied Military Tribunals or U.S. Military Courts of any person alleged to have committed offenses after the effective date of this agreement and cognizable under the Italian law if committed against persons, property or security of the Allied forces.

(c) The right is also reserved to conduct and carry to ultimate conclusion the trial by Allied Military Tribunals or U.S. Military Courts of any person alleged to have committed offenses after the effective date of this agreement against persons, property or security of the U.S. forces. However, this right so reserved is intended to be used sparingly and only when in the opinion of the Commanding General it becomes necessary as a means of eliminating or minimizing serious interferences with the redeployment or maintenance of U.S. forces in Italy.

(d) The sentences imposed by Allied Military Tribunals of U.S. Military Courts in cases tried pursuant to subparagraphs (b) and (c) above, shall be treated by the Italian Government in the same manner as sentences imposed by Allied Military Tribunals prior to the effective date of this agreement.

13. (a) The U.S. forces shall have the rights to police their own camps and other areas and buildings requisitioned or otherwise set aside for their special use and to employ Military Police patrols in other areas as may be necessary for the maintenance of good order and discipline. Persons who are subject to the jurisdiction of Italian authorities may be arrested by the U.S. Military Police within such camps, areas and buildings and detained by them until they can be handed over to the appropriate Italian authorities, subject to the provisions of paragraph 12 (b) and (c) above.

(b) The Italian police may arrest non-military personnel subject to the exclusive jurisdiction of the U.S. Military courts and authorize for offenses or suspected offenses against Italian law outside the camps, areas and buildings referred to in the preceding subparagraph and detain them until they can be handed over for disposal to the appropriate U.S. military authority. A certificate signed by a U.S. officer of field rank or its equivalent that the persons to whom it refers belongs to one of the classes mentioned in paragraph 12(a) above shall be conclusive. The procedure for handing over such persons is a matter for local arrangements.

14. The Italian Government will make the necessary arrangements for securing the trial by Italian courts of persons who are alleged to have committed offenses against the persons, property or security of the U.S. forces and will give priority to the trials of such offenders, provided such persons are not subject to the exclusive jurisdiction of Allied Military Tribunals or authorities or U.S. Military Courts or authorities or are not held for trial under the provisions of paragraph 12 (b) and (c) above.

15. The Commanding General and the appropriate Italian authorities will establish machinery for such mutual assistance as may be required for making investigations, collecting evidence, and securing the attendance of witnesses in relation to cases triable under Allied, U.S. or Italian jurisdiction, and to provide procedure for punishment in appropriate courts of witnesses who refuse or fail to comply with a summons, improperly refuse to testify or who commit perjury or contempt of court.

16. (a) Arrangements as to censorship, if deemed necessary will be separately agreed upon.
- (b) The appropriate Italian authorities will make available to the Commanding General such enemy of former enemy files, documents, reports and war materials as may be necessary for the conduct of research into enemy of former enemy activities.
17. The Commanding General will establish the means and machinery to investigate and process all claims (excluding claims resulting from action by the enemy or resulting directly or indirectly from any act by the United States armed forces engaged in combat) arising out of accidents or incidents hereafter occurring for damage to or loss of destruction of property, both real and personal, or for personal injury or death, including claims for damage to or loss of destruction of personal property, including claims for damage to or loss of incident to the use and occupancy of real property, whether under a lease, express, or implied, or otherwise, when such damage, loss, destruction, injury or death is caused by the armed forces of the United States, or by individual members thereof, including military personnel and civilian employees thereof, or otherwise incident to non combat activities of such forces. Such claims as are approved by the Commanding General, or his designees, will be certified to the Italian Government, which Government agrees to make payment thereof.
18. The United States and all its Government agencies and activities and members of the U.S. forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall apply to property imported by the U.S. Government, its agencies, its forces, or by organization employed by or accompanying these forces for use or for distribution as relief or otherwise elsewhere in Europe.
19. The immunity from Italian jurisdiction and taxation resulting from paragraph 18 (a) and 17, above, will extend to selected civilian officials and Government employees present in Italy on duty in connection with U.S. forces as notified to the Italian authorities by the Commanding General.
20. Representatives of the United States and the Italian Government may consult together with a view to the adoption of agreed arrangements concerning the exercise of jurisdiction in civil matters over non-military personnel referred to in paragraph 18 (a) above, but until and unless such agreement are adopted, the Italian courts shall not exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.
21. (a) The Commanding General shall have the right to hold displaced persons, enemy prisoners of war, disarmed enemy personnel, war criminals and security suspects of enemy nationality in prisoner of war or internment camps in Italian territory or remove them from such camps at will.
- (b) The Italian Government shall have the right to hold prisoners of war (German) and displaced persons in Italian territory, and at the request of the Commanding General under appropriate arrangements that may be entered into will hold such persons for any of the Allied Governments.
- (c) The Italian Government will cooperate in facilitating the repatriation of displaced persons and the disposition of stateless persons from or through Italy.
- (d) The Italian Government will cooperate in the apprehension, arrest, detention and trial of suspected war criminals. The Italian Government

incident to the use and occupancy of real property, whether under a lease, express, or implied, or otherwise, when such damage, loss, destruction, injury or death is caused by the armed forces of the United States, or by individual members thereof, including military personnel and civilian employees thereof, or otherwise incident to non-combat activities of such forces. Such claims are approved by the Commanding General, or his designee, will be certified to the Italian Government, which Government agrees to make payment thereof.

18. The United States and all its Government agencies and activities and members of the U.S. forces and organizations or persons employed by or accompanying these forces and property, income, compensation or receipts belonging to them or to their Government or any of its political subdivisions or agencies. All the exemptions mentioned in this paragraph shall apply to property imported by the U.S. Government, its agencies, its forces, or by organization employed by or accompanying these forces for use or for distribution as relief or otherwise elsewhere in Europe.

19. The immunity from Italian jurisdiction and taxation resulting from paragraph 12 (a) and 17, above, will extend to selected civilian officials and Government employees present in Italy on duty in connection with U.S. Forces as notified to the Italian authorities by the Commanding General.

20. Representatives of the United States and the Italian Government may consult together with a view to the adoption of agreed arrangements concerning the exercise of jurisdiction in civil matters over non-military personnel referred to in paragraph 12 (a) above, but until and unless such agreement are adopted, the Italian courts shall not exercise jurisdiction in civil matters affecting such persons without the written consent in each instance of the Commanding General.

21. (a) The Commanding General shall have the right to hold displaced persons, enemy prisoners of war, disarmed enemy personnel, war criminals and security suspects of enemy nationality in prisoner of war or internment camps in Italian territory or remove them from such camps at will.

(b) The Italian Government shall have the right to hold prisoners of war (German) and displaced persons in Italian territory, and at the request of the Commanding General under appropriate arrangements that may be entered into will hold such persons for any of the Allied Governments.

(c) The Italian Government will cooperate in facilitating the repatriation of displaced persons and the disposition of stateless persons from or through Italy.

(d) The Italian Government will cooperate in the apprehension, arrest, detention and trial of suspected war criminals. The Italian Government agrees to deliver over any persons suspected of war crimes on the request of the Commanding General.

22. Arrangements for the disposal of the remains of deceased members of the U.S. forces of World War II and erection of monuments are being set forth in a separate agreement.

23. The Italian Government when requested will attach to the U.S. Forces Italian officers or civilian officials for liaison duties to assist the U.S. military authorities in their relations with the Italian civil and military authorities. These liaison officers or officials, whose numbers and qualifications will be agreed upon by the Commanding General and the appropriate Italian ministries, shall so far as possible be employed as intermediaries between the U.S. military authorities and the Italian local authorities in the execution of the provisions of this agreement in other matters.

24. The interpretation of this agreement, the settlement of any difficulties arising therefrom, and the question of appropriate supplementary arrangements covering questions not dealt with in this agreement, shall form the basis of further discussions between the United States and the Italian Government.

25. The foregoing agreement shall be in full force and effect from the

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date the Treaty of Peace referred to above becomes effective between the United States and Italy. In the event of any conflict between the terms of this agreement and the terms of the Treaty of Peace, the latter shall prevail.

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785015

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UNITED STATES POLITICAL ADVISER
ALLIED FORCE HEADQUARTERS

September 24, 11 PM.

My dear Advisor:

Herewith is a copy of the proposed American draft on a military and civil affairs agreement with the Italian Government. I should be grateful if you would immediately pass it and telephone me before 1 P.M. on Sept. 25 (Tuesday) as I must attend a meeting at 2:30 in order to discuss it.

Please excuse me for troubling you but I thought you would like to have this paper as soon as possible. All the best.

Yours very sincerely,
C. Office.

For Advisor Ellery Stone,
Allied Commission
Rome.

(4)

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CROSS REFERENCE SHEET

AFHQ Med Joint Planning Staff

P/312 (Final)

23 September 1945

DRAFT MILITARY AND CIVIL AFFAIRS AGREEMENT WITH ITALY

Ref Troopers cable

1002-2/c
DOCUMENT FILED IN ~~102-2/00~~

102-2/c
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785015

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AFSC X 39/16

FROM : TROOPERS

TO : AFHQ

REF NO THIS MESSAGE: 74075 CA. (B)

15 September 1945

Personal for PARSONS from ANDERSON.

1. A draft Military and Civil Affairs Agreement between the UNITED KINGDOM and ITALY is being submitted to Council of Foreign Ministers for consideration and text is contained in my immediately following telegram.

2. Draft has been drawn up by the Foreign Office and all interested departments. We understand Americans may prepare similar agreement between US and ITALY.

3. Field Marshal ALEXANDER's comments as British G in C would be appreciated as early as possible.

ACTION: G-5 (Personal for PARSONS)

INFORMATION: SACS (For C/S)

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THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

955/CC

Office of the
Chief Commissioner

=ALLIED COMMISSION=

LIST OF PAPERS

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55	Ltr, Stone	21 Aug 45	Alex Kirk	Proposed extention UNRRA aid to Italy
56	Memo			Turnover of disper camps, AC to UNRRA.
57	2208/EC, Fiske	25 Aug 45	AFHQ	Italian Army guards for UNRRA supplies
58	Memo, Merritt	10 Sep 45	CC	UNRRA Journal - 3rd UNRRA Council Meeting, London, Aug 1945.
59	Ltr, Stone	15 Sep 45	Parri	UNRRA Journal - 3rd UNRRA Council Meeting, London, Aug 1945.

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