Declassified E.O. 12356 Section 3.3/NND No. 785015

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JOINT ECONOMIC CO
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JOINT ECONOMIC COMMITTEE, HQ AMG 13 CORPS
AUG. 1945 - MAR. 1946

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564/CC

Office of the
Chief Commissioner

LIST OF PAPERS

File under No. 564/CC JOINT ECONIMIC COMMITTEE, HQ AMG 13 CORPS ALLIED COMMISSION

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1	JEC, AGENDA	4 Oct 45		Minutes of 6 th Meeting
2	JEC/1 XIII CORPS Trieste	19 Oct 45		MINUTES of 7th Meeting.
3	JEC/ AGENDA	8 Nov 45		Minutes of Oct 12 Meeting
4	JEC XIII Corps Trieste	9 Nov 45		Minutes of 8 th Meeting
5	JEC AGENDA	7 Dec 45		Minutes of 8th Meeting
6	JEC XIII Corps Triest	8 Dec 45		Minutes of 9th Meeting
7	JEC/AGENDA	18 Jan 46		Minutes of 9th meeting
8	JEC/ XIII Corps Trieste	19 Jan 46		Minutes of 10th Meeting
9	JEC/Agenda 13 Corps	1 Mar 46		Incl Minutes of 10th Meet of IC S/C
10	JEC/ 13 Corps	2 Mar 46		Minutes of 11th Meeting
11	JEC/ Agenda	27 Mar 46		Mins of 11th Meet of IC S/C and FP S/C
12	JEC/	29 Mar 46		Minutes of 12th Meeting

2503 -

Chief Commissioner
AFHQ
ROME.

COPY NO 18

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT,
XIII CORPS, TRIESTE, ITALY.

29 March 1946.

MINUTES

217. The twelfth meeting of the Joint Economic Committee was held at 0930 hrs on 29 MARCH 1946, in the Main Conference Room at HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman

Brigadier G.E.R. HASTEN, OBE,
DA & QMG Rear 13 Corps.

Members

Colonel C.H. HARTLEY,
DD.TN., TRIESTE.

Lt.Col. D.S. NIGHBERT-TIN,
Economic Adviser,
AMG 13 Corps.

Lt.Col. N.T. REID,
C.F.C., AMG 13 Corps.

Major R.P. GIBSON,
Q (Mov), Rear 13 Corps.

Major J.E. FOREM,
Industry & Utilities,
AMG 13 Corps.

Lt.Col.LENAC, M,
Chief of the Jugoslav Delegation.

Major GOLOB, R,
Transportation, Jugoslavia.

Ing. KOVACIC, M,
Industry, Jugoslavia.

Ing. SIKOSEK, D,
Electricity, Jugoslavia.

Mr. URSICIC, P,
Finance, Jugoslavia.

Major BADISIC, M,
Commerce, Jugoslavia.

In attendance

Lt.Col. H.O. HULBERT,
A.D/SCAO, AMG 13 Corps.

Capt. R.K. HARPER,
Transportation, AMG 13 Corps.

F/O. L.H. LLOYD,
Commerce, AMG 13 Corps.

Major K. COOPER,
Economics, AMG 13 Corps.

Major BJELIS, S,
Jugoslavia.

2502

218. POLA CONVOY.

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TRIESTE.

PRESENT:

Chairman

Brigadier G.E.R. BASTIN, CBE,
DA & QMG Rear 13 Corps.

Members

Colonel C.M. BENNETT,
DE.TN., TRIESTE.

Lt.Col. D.C. BICKERSTETH,
Economic Adviser,
MFG 13 Corps.

Lt.Col. N.T. BEARD,
C.F.C., MFG 13 Corps.

Major R.F. GIBSON,
G (Mov), Rear 13 Corps.

Major J.E. FOLEY,
Industry & Utilities,
MFG 13 Corps.

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Chief of the Jugoslav Delegation.

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Transportation, Jugoslavia.

Ing. KOVACIC, M,
Industry, Jugoslavia.

Ing. SIKOSEK, D,
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Mr. URSICIC, P,
Finance, Jugoslavia.

Major BABISIC, M,
Commerce, Jugoslavia.

In Attendance

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A.D/SCLC, MFG 13 Corps.

Capt. R.K. HARPER,
Transportation, MFG 13 Corps.

F/O. E.H. LLOYD,
Commerce, MFG 13 Corps.

Major K. COOPER,
Economics, MFG 13 Corps.

Major BJELIS, S,
Jugoslavia.

2502

218. POLA CONVOY.

Lt.Col. LEMAC read a copy of the Jugoslav reply, and Lt.Colonel BICKERSTETH said it failed to meet the question at issue, namely the granting of a permit for a civilian goods convoy from TRIESTE to POLA.

Lt.Col. LEMAC said if the reply was considered unsatisfactory, a request should be submitted for a further answer.

Lt.Col. BEARD asked if the Jugoslavs objected to MFG trucks going to POLA and Lt.Col. LEMAC replied he could not give an answer now.

Lt.Col. BICKERSTETH: The question is urgent and has been outstanding for a long time and I must press for an answer.

Lt.Col. LEMAC replied he understood but hadn't authority to give an answer.

Lt.Col. BICKERSTETH ...../

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Lt.Col. [redacted]BERSTEIN: We require an ans[redacted]by 10 April. Failure to comply is tantamount to refusing to allow AMG to send goods from one part of Zone A to another part of Zone A. Supplies pass through Zone A to Jugoslavia and we only ask the same privilege.

Lt.Col. LEMAC said that goods in transit from abroad by international agreement cannot be compared to local traffic.

219. DEPARTMENT OF DISCUSSIONS.

Lt.Col. LEMAC said that para.1 of Minute 211 should be altered by inserting "the Jugoslav delegates had not been allowed into the building and therefore they had not had sufficient time to study them".

The Chairman agreed to this alteration, but pointed out that this in no way affected the length of time which had been available for the reading of the minutes.

220. IDENTITY CARDS.

Lt.Col. LEMAC said the penultimate line of para 1, minute 215, should read "residents of Italian citizenship". He then handed in a supply of the new identity cards issued in Zone B.

221. MINUTES OF THE INDUSTRY & COMMERCE AND FUEL & POWER SUB-COMMITTEE.

The above-mentioned minutes were then received.

222. RETURN OF SHIPPING BELONGING TO THE FIUME AND OTHER SOCIETIES TO ZONE B.

Lt.Col. LEMAC said the Jugoslavs had written suggesting a shipping conference for 19 MARCH and he now suggested 5 APRIL for this conference. The letter from the Jugoslavs had apparently not been received.

Lt.Col. BIGGERSTETH asked if the date could be brought forward to 1 APRIL to allow him to attend, and Lt.Col. LEMAC replied that the Jugoslav shipping specialists would not be available on that day. The meeting was then arranged to be held in the Conference Room at 1030 hours on 5 APRIL and Lt.Col. BIGGERSTETH said he would ensure that his deputy and the AMG members would be fully briefed.

223. ARSA COAL.

Lt.Col. LEMAC said he thought this question had now been solved.

224. BUSES OWNED BY GRATONI.

Lt.Col. LEMAC acknowledged receipt of legal opinion and said these buses are very important to Zone B and that with goodwill on both sides the matter could be settled. Legal action should be taken against Gratoni for the return of the buses, since public interests are involved.

Lt.Col. BIGGERSTETH said we have no power in law to compel GRATONI to return the buses because they are private property, but we will do what we can to persuade him.

Lt.Col. LEMAC said the removal of buses comes under the same heading as the removal of machinery in the Morgan-Jovanovic agreement and Lt.Col. BIGGERSTETH pointed out that the movement of buses was never covered under the clause prohibiting the removal of machinery.

Lt.Col. LEMAC said he would be glad of AMG help, and Lt.Colonel [redacted] with him out of committee.

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2501 Lt.Col. LENAC said he would be glad of AMG help, and Lt.Colonel BICKERSTETH promised to take the matter up with him out of committee.

225. CONSORZIO PER LA BONIFICA DELL'ISTRIA.

The Chairman asked if the documents requested could now be produced and Ing. KOVACIC replied it was difficult to know exactly what the President wanted. She suggested the President should meet the Jugoslav delegates and Lt.Col. BICKERSTETH said he would try to arrange a meeting at APRIL between committee meetings.

226. MOVEMENT WITHIN 1 KM. OF THE MORGAN LINE.

Ing. KOVACIC said they would give the required permission for their side of the Morgan Line, not now, but in conjunction with the question of import and export licences.

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227. EMPLOYMENT OF WORKMEN FROM ZONE B IN POLA.

Lt.Col. LEMAC said not all the workmen involved were employed on public works, but he would make further enquiries.

Lt.Col. BICKERSETH informed the Jugoslav delegates about the lifting of the ban forbidding the dismissal of workers in Zone A in conformity with the rest of Italy, and said that further dismissals of Zone B residents will follow.

Lt.Col. LEMAC enquired the reason for this and Lt.Colonel BICKERSETH replied it was owing to lack of work.

Lt.Col. BEARD emphasised that work would be found for dismissed employees, but residents of Zone A would receive preferential treatment.

228. MACHINERY EXPORTED FROM THE COTTON MILL AT PORDENONE.

Lt.Col. LEMAC said the Jugoslavs were not satisfied with the written reply from AMG (Appendix A) because it seemed that all machinery could be removed under this clause.

Lt.Col. BICKERSETH agreed, but said it seemed unreasonable to demand return at this stage. He added that had he been consulted he would not have permitted the removal, and in fact he had more than once blocked the removal of machinery.

Colonel LEMAC said he knew this, but it meant the Jugoslavs must keep AMG informed.

The Chairman said that factories are constantly visited and any attempt to remove machinery is prevented to the best of our ability.

Lt.Col. LEMAC said this was not a strong enough guarantee, but if control on the Morgan Line is carried out, it would prevent removals. He still thought the machinery should be returned in compliance with the Morgan-Jovanovic Agreement.

Further discussion followed, in which Lt.Col. BICKERSETH pointed out that the removal in question did not violate the principle, that factories must not move from Venezia Giulia for operations elsewhere. Lt.Col. LEMAC said the Jugoslavs were arguing a matter of principle and if the machinery is not returned the Agreement will be violated. He asked for the return of Lot No.3 in the AMG reply.

Lt.Col. BICKERSETH said he would ask for this to be returned, and added he would also ask for the return of any machinery which had been removed to Zone B. Lt.Col. LEMAC agreed.

229. REMOVAL OF DRILLING SLETS FROM AGIP MINE (ROMA).

Lt.Col. LEMAC said investigations were being made and if the facts are as stated, the machinery would be returned.

230. FORESTRY OFFICE.

Major GOLOB repeated the request contained in the last paragraph of Dr. KOBE'S letter. (Appendix B).

The Chairman said the funds had been frozen and the accounts sent to the Jugoslavs. He was not clear what further action was wanted.

Major GOLOB said these offices in Zone A served forests in Zone B and therefore forestry activities in Zone B are prejudiced.

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Lt.Col. BEARD emphasised that work would be found for dismissed employees, but residents of Zone A would receive preferential treatment.

228. MACHINERY EXPORTED FROM THE COTTON MILL AT GORIZIA.

Lt.Col. LENIC said the Jugoslavs were not satisfied with the written reply from AMG (Appendix A) because it seemed that all machinery could be removed under this clause.

Lt.Col. BICKERSTETH agreed but said it seemed unreasonable to demand return at this stage. He added that had he been consulted he would not have permitted the removal, and in fact he had more than once blocked the removal of machinery.

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The Chairman said the funds had been frozen and the accounts sent to the Jugoslavs. He was not clear what further action was wanted.

2500 Major GOLOB said these offices in Zone A served forests in Zone B and therefore forestry activities in Zone B are prejudiced. He made three requests :-

1. A joint committee to examine the situation.

2. A representative from Zone B to work in the office in Zone A.

3. Copies of the documents and maps to be sent to the Jugoslavs.

Lt.Col. BICKERSTETH said these requests were perfectly reasonable and that with regard to the documents and maps the Jugoslavs might have the originals if they wished.

Major GOLOB still pressed for a joint committee of enquiry to be set up and the Chairman asked for a written request giving terms of reference and stating precise requirements.

(12)

Major GOLOB ...../

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Major GOLOB then produced Dr. KOBE'S letter, but Lt.Colonel BICKERSTETH said terms of reference were also needed and suggested that Major GOLOB and Major COOPER could settle the matter out of committee.

The Chairman said these two officers should visit the Forestry Office and settle the question on the spot. He thought a commission unnecessary, but if these officers failed to reach an agreement, one could be set up.

Lt.Col. LENAC agreed and said the Jugoslavs would nominate their representatives before 2 April and suggest the time and date of the meeting.

231. COURIER.

Lt.Col. LENAC requested a permit for a Jugoslav courier to run between [illegible] and TRIESTE.

The Chairman instructed the Secretary to take the matter up with 13 Corps.

232. SS REX.

Lt.Col. LENAC said the Jugoslavs were not aware of the sterling from the ship, but suggested the matter be raised at the shipping meeting on 5th April.

The Chairman agreed.

In reply to Lt.Col. BICKERSTETH, Lt.Col. LENAC said there would be no difficulty if the ship owner would visit Jugoslav Military Government.

233. RELEASE OF M/V. "ZVIR" AND "LABOR".

Ing. KOVACIC said the last paragraph of minute 141 should be amended to read "until the ships arrived at Jugoslav ports, the ships held by the Jugoslavs would not be released".

Lt.Col. BICKERSTETH said it now appears that "ZVIR" was requisitioned by British Military Authorities near VENICE without the knowledge of JMG. Arrangements have been made for her immediate release. "LABOR" was not requisitioned by the British and her present whereabouts is not known.

Ing. KOVACIC asked if it was agreed to amend minute 141.

The Chairman replied "Yes", and added that JMG acted in good faith, but "ZVIR" was requisitioned without their knowledge.

Lt.Col. LENAC said, "LABOR" is a ship of 400 tons and should be found without difficulty.

The Chairman replied that since she has not been requisitioned she is free to go anywhere, but we will try to find out where she is. It would help if the Jugoslavs could give the name of the Agents in VENICE.

234. THE EXCHANGE CLEARING AGREEMENT.

Ing. KOVACIC said delay had been caused by the need to alter the draft, but she thought the agreement would soon be signed.

235. CONTROL OF GOODS CROSSING THE MORGAN LINE.

2499

Ing. KOVACIC said the Jugoslavs did not agree with the controls established by JMG [illegible] applies to para. 6 (B) of the MORGAN-JOVANOVIC

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2499 235. CONTROL OF GOODS CROSSING THE MORGAN LINE.

Ing. KOVACIC said the Jugoslavs did not agree with the controls established by AMG. According to para. C (1) of the MORGAN-JOVANOVIC Agreement, VENEZIA GIULIA is an economic unit, and the control would prevent trade between the two zones.

Lt.Col. BICKERSTETH said the matter had been discussed for the past four months and no objection was raised by the Jugoslavs until the controls had already been established. Furthermore the Jugoslavs had agreed that control is necessary to keep a check on UNRRA supplies coming to Zone B, the export of salt and other black market activities. On our side control is necessary to prevent smuggling of monopoly goods free of tax, and the re-export of goods imported for the prevention of disease and unrest. In the prolonged discussion which followed the Jugoslav delegates agreed that control was necessary but complained it had been established without consulting them.

(12)

They made ...../

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They made the following additional points :-

1. The control is too strict - all roads should be open.

2. Persons in Zone B suffer hardships because they are prevented from bringing wood to relatives in Zone A.

3. The transit trade between ITALY and Zone B is hampered.

4. Italian Chambers of Commerce will not issue the necessary certificates.

Lt.Col. BICKERSTETH replied that AMG has approved as many roads as it is possible to man and that the railway and main roads are all open. With regard to points 3 and 4, these are matters for the Italian Government to decide, not AMG.

The Chairman then suggested the Jugoslavs should forward a list of the points in dispute, and Lt.Col. BICKERSTETH suggested a meeting in his office on 1 APRIL at 1430 hours.

Lt.Col. LENAC agreed, but said the control should be suspended meanwhile, since the publication of the Order violates the principle of control by agreement.

Lt.Col. BICKERSTETH replied the Jugoslavs were given formal notice that the Order would be published and they took no action. The Jugoslavs were in possession of copies fourteen days before publication. The control is now in force and cannot be suspended.

Lt.Col. LENAC said he would like to record in the minutes that AMG refused to defer putting the control into force and that it violated the Morgan-Jovanovic Agreement.

The Chairman said he did not agree that the Morgan-Jovanovic Agreement had been violated. Adequate notice of the Order had been given to the Jugoslavs.

236. NAVAL TRAFFIC.

It was agreed to discuss this matter at the conference on 1 APRIL 46.

237. THE RADIO TRANSMITTER IMPOUNDED AT GORIZIA.

Lt.Col. BICKERSTETH said no reply had been received so far.

238. EXPORTS FROM ZONE A.

Lt.Col. BICKERSTETH said he would try to produce a list of surplus exportable goods, but any such list would be subject to fluctuations in availabilities.

Lt.Col. LENAC pointed out with reference to minute 148, that in the case of goods handled by agents who are not controlled by Italian Chambers of Commerce, the approval of the Italian Government would not be needed.

239. ELECTRICAL EQUIPMENT AT OPICINA.

2499

The Jugoslav delegates said that three generators and one transformer had been removed from OPICINA on 15 MAR 46.

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2492 239. ELECTRICAL EQUIPMENT AT OPICINA.

The Jugoslav delegates said that three generators and one transformer had been removed from OPICINA on 15 MAR 46.

Colonel BARNETT replied there was no question of three generators having been removed. The facts were, that about two months ago, Railway Command, ROME, requested the transfer of an electric motor. This request was referred to the Joint Operating Committee, who raised no objection. Action to remove the motor was then taken.

The Jugoslavs made no further comment.

Colonel BARNETT said a request had been received for the transfer of an electric rectifier from Zone A. He proposed to meet the request and record the transfer and the destination.

Lt.Col. LEMAC said there would be an obligation to return the rectifier to Zone A.

Colonel BARNETT agreed it would either be returned, or compensation paid, when the final settlement was made.

(1-2)

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240. ACT OF PIRACY AGAINST M/V. "SALPA".

The Chairman tabled a report on a case of armed piracy.

The report (which was then read to the Jugoslav delegates) disclosed that on 18 MARCH 46, at PORTO GROSSA, a Jugoslav motor-boat discharged a machine-gun against the M/V. "SALPA", forced the vessel to stop, and ordered it to put into Capodistria. The vessel was then boarded by men in plain clothes who removed documents, a motor car, two tyres from a second car, five wheels, a differential gear and four seats. The Chairman went on to say that the Allied Command take a very serious view of the occurrence and the matter is being taken up through diplomatic channels. It would appear the Jugoslavs are not capable of controlling shipping in their Zone and if this is the case, it must be remembered the Allies have power to enter ports for the purpose of inspection.

Lt.Col. LETTAU said he believed the guilty persons would be punished and the goods returned. For the time being he was not authorized to say more.

241. MINUTES OF THE FINANCE SUB-COMMITTEE.

The minutes of the sixth meeting of the Finance Sub-Committee were received.

242. JUGOSLAV OCCUPATION LIRE ACCEPTED BY BUS COMPANIES.

Lt.Col. BEARD said that details of the bus lines operating in Zone B, authorized by Companies in Zone A, had been handed to the Jugoslavs before the meeting.

Ing. KOVACIC asked which lines were affected by the currency question and the amounts involved in each case.

Lt.Col. BEARD replied that the total amounts to 4-5,000,000 lire and added that the companies cannot operate much longer without funds.

243. EXCHANGE OF CURRENCY OF RAILWAY EMPLOYEES LIVING ZONE B.

Lt.Col. BEARD said that nothing much can be done until the Exchange Clearing Agreement is signed. Mr. URSICIC agreed, and added that the problem could be solved by unblocking funds in Zone A.

244. MONEY OWING TO SELVEG.

Lt.Col. BEARD asked if the Jugoslavs have agreed to give coal to SELVEG in exchange for electric power and Mr. URSICIC replied an agreement has been completed.

245. INDEBTEDNESS OF THE HEAD OFFICES OF CASSA DI RISPARMIO TO ITS BRANCHES IN ZONE B.

Lt.Col. BEARD stated he had discussed the matter with the Banks, and as the Jugoslav proposal meant giving them (the Jugoslavs) a credit in Zone A he preferred to consider recommending his proposal, which was that Branches in Zone B transfer the accounts under reference to their Head Office in Zone A. A depositor would still have control over his account and use it

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The minutes of the sixth meeting of the Finance Sub-Committee were received.

242. JUGOSLAV OCCUPATION LIRE ACCEPTED BY BUS COMPANIES.

Lt.Col. HEARD said that details of the bus lines operating in Zone B, authorized by Companies in Zone A, had been handed to the Jugoslavs before the meeting.

Ing. KOVACIC asked which lines were affected by the currency question and the amounts involved in each case.

Lt.Col. HEARD replied that the total amounts to 4-5,000,000 lire and added that the companies cannot operate much longer without funds.

243. EXCHANGE OF CURRENCY OF RAILWAY EMPLOYEES LIVING ZONE B.

Lt.Col. HEARD said that nothing much can be done until the Exchange Clearing Agreement is signed. Mr. URSICIC agreed, and added that the problem could be solved by unblocking funds in Zone A.

244. MONEY OWING TO SELVEG.

Lt.Col. HEARD asked if the Jugoslavs have agreed to give coal to SELVEG in exchange for electric power and Mr. URSICIC replied an agreement has been completed.

245. INDEBTEDNESS OF THE HEAD OFFICES OF CASSA DI RISPARMIO TO ITS BRANCHES IN ZONE B.

Lt.Col. HEARD stated he had discussed the matter with the Banks, and as the Jugoslav proposal meant giving them (the Jugoslavs) a credit in Zone A he preferred to consider recommending his proposal, which was that Branches in Zone B transfer the accounts under reference to their Head Office in Zone A. A depositor would still have control over his account and use it as residents in Zone B with accounts in Zone A were now doing.

Mr. URSICIC stated that the Jugoslavs were not in agreement with this idea as it would mean the liquidation of the branches of the bank in Zone B. The liability of the head office of the bank was to its branch.

Lt.Col. HEARD again pointed out that the liability of the head office was to the depositor, who was entitled to decide how his deposit could be used.

Lt.Col. LEMAC asked if this attitude meant that the head office desired to liquidate the branches and take over the depositors. Lt.Col.HEARD considered that the banks could still take on new depositors under Jugoslav control. And anyhow the Bank could not operate because of lack of currency.

Mr. URSICIC stated that it was thought unlikely that a bank would receive new depositors if it could not meet its old liabilities and there was therefore no confidence.

(12)

Lt.Col. HEARD ...../

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Lt.Col. BEARD replied that the Bank was not proposing to repudiate its liability to its depositors, and he had already said that the Head Offices were prepared to repay the depositors, but he was not prepared to give the Jugoslavs a bulk credit in Zone A.

Mr. URSICIC stated that not only individuals had accounts but also credit corporations.

Lt.Col. BEARD replied that these accounts could be passed through the clearing agreement.

Mr. URSICIC considered that the unblocking of accounts should be carried out without the clearing agreement nor did he think that it was in any way a practical proposition that peasants should have to go to Trieste or Rome to draw their deposits.

Lt.Col. BEARD replied that the only way for these depositors to get their money was to obtain currency in Zone B and he was waiting to hear from the Jugoslavs whether they wanted currency. He further suggested that this question should be discussed between meetings.

Ing. KOVACIC stated that the branches had put their money in the central banks and that this discussion was only deferring the points involved and that therefore this must be considered tantamount to a wilful gaining of time.

Lt.Col. BEARD replied that he would suggest to the banks that they should pay individual depositors and that it would be necessary to discuss the methods of paying them. Was there any objection to the individual depositor applying in writing to be paid.

Lt.Col. LEMAC replied that for organisational reasons it was undesirable and the branch offices in this case would be made unnecessary, also if the funds were made available in Zone A the Zone B resident would be forced to stay in Zone A as he could not carry currency across the border.

Lt.Col. BEARD replied that the depositor staying in Zone B would be able to clear his money through the Exchange Clearing Agreement, and referred to his earlier reply.

Lt.Col. LEMAC in reply stated that there would be no further reason to stop money passing through the Exchange Clearing Agreement when it came into force. This point was acknowledged by Col. BEARD.

246. AMENDMENT TO MINUTE 51 OF FINANCE SUB-COMMITTEE.

Mr. URSICIC pointed out that the reference to bus services and railways in para.4 of minute 51 of Finance Sub-Committee of 26 MAR 46 was not clear.

It was agreed that this should now read - "as also for example in the case of the exchange of Jugoslav to Metropolitan lire taken by bus services and the exchange of Jugoslav lire to Metropolitan lire of railway workers moving from Zone B to Zone A".

247. BRITISH OWNED PROPERTY IN ZONE B.

In reply to Lt.Col.BEARD, Lt.Col. LEMAC said the British-owned bauxite company in Zone B was without a proprietor, and in all such cases a temporary administration had been installed until the Peace Conference and no discrimination was being made in the meantime.

Lt.Col. BEARD asked if there would be any objection to inspecting the British property and Lt.Col.LEMAC said a written request should be made.

2496

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to get their money would be to obtain currency in Zone B and he was waiting to hear from the Jugoslavs whether they wanted currency. He further suggested that this question should be discussed between meetings.

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Lt.Col. LENAC replied that for organisational reasons it was undesirable and the branch offices in this case would be made unnecessary, also if the funds were made available in Zone A the Zone B resident would be forced to stay in Zone A as he could not carry currency across the border.

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Lt.Col. BEARD asked if there would be any objection to inspecting the British property and Lt.Col.LENAC said a written request should be made.

2496

248. PRIVATE UNDERTAKINGS IN ZONE B.

Lt.Col. BEARD asked if commissars had been appointed to all private undertakings in Zone B and Lt.Col. LENAC replied that temporary administrators had been appointed by the Peoples Party. They were not Commissars.

249. PRIVATE BANKS.

In reply to Lt.Col. BEARD, Lt.Col.LENAC said private banks are permitted to operate in Zone B, but are restricted by shortage of currency. Difficulties are caused by the blocking of funds in ITALY and Zone A. The Jugoslav Military Government does everything possible to help.

(19)

250. DEBTS ...../

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250. DEBTS.

Lt.Col. BEARD asked if the Jugoslavs would make a statement regarding sums owed by them to concerns in Zone A.

Lt.Col. LEMAC said the answer had been given in Sub-Committee and that the question of financial liabilities is a matter for the Jugoslav Government.

Lt.Col. BEARD pointed out that the economy of Zone A is an AMG responsibility and is affected by these debts.

Lt.Col. LEMAC said similar difficulties arise in Zone B through the "locking" of money abroad, and Lt.Col. BEARD replied he was only concerned with debts incurred since the arrival of AMG.

Lt.Col. LEMAC asked for details and Lt.Col. BEARD said he would supply them.

251. DATE OF THE NEXT MEETING.

Industry & Commerce and Fuel & Power Sub-Committee,	:	25 APRIL 1946 at 1000 hrs.
Finance Sub-Committee	:	26 APRIL 1946 at 1000 hrs.
Joint Economic Committee	:	3 MAY 1946 at 1000 hrs.

H. ST.G. FRENCH,
Major, R.A.C.,
Secretary,
Joint Economic Committee.

HSTGF/LNW.

2495

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APPENDIX "A"

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
13 CORPS

Telephone No: 29794 Ext.45 19th March 1946

Reference No. 13C/AMG/Ec.27a/339

Subject : Machinery taken from Cotton Mill Podgora.

To : Secretary Joint Economic Committee.

1. Reference minute 213 of the Joint Economic Committee. Investigation has been made of the Jugoslav delegates complaint and the following is the position:

1.	February 9	1946.	Old warping machine taken to Milan after recent arrival of a new machine.
2.	February 16	1946.	Two devices for distaffs making taken to Main Plant at BUSTO (Milan) for repair.
3.	March 3	1946.	A big steel vat capable of holding 3000 kilos of cloth for dyeing together with the tools concerned - value 680.000 Lire weight 17.000 kilos.

The removal of items 1 and 2 would appear to be in order in the normal course of business and not constitute any infringement of the Morgan Jovanovich agreement. The removal of item 3 however would appear to be irregular. The necessary instruction to prevent this removal of further Machinery has been given and the position regarding the item in question is being regularized by A.M.G. Gorizia, who have been instructed to inform the company that in the event of any change in the ownership of the territory the machinery will have to be returned.

2494 -

Declassified E.O. 12356 Section 3.3/NND No. 785045

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2494 -

(SIGNED)

D.S. BICKERSTETH
LT. COLONEL
ECONOMICS.

Copy to : Area Commissioner Gorizia.

(12)

Declassified E.O. 12356 Section 3.3/NND No. 785015

APPENDIX "B"

Delegation of Federative People's Republic
Jugoslavia

No.15/46-2

Ljubljana, 25 Feb 46.

TO: A.M.G. Trieste.

SUBJECT: Confiscation of property of the Slovene Littoral State Forests Administration and of the Trnovo State Forestal Administration.

In Gorizia in the house No.17 Via Montesanto, a forestal office for the Gorizia Province, administered by the fascist forestal militia (Milizia Nazionale Forestale) existed up to 17 May 45. After the liberation of Gorizia by the Jugoslav Army, the forestal division of the district people's liberation council for the Gorizia Province was accommodated in this building. Besides the forestal division two entirely economic institutions worked in this building; they are the administration of the State Forests of the Slovenian Littoral and the administration of the State Forest in Trnovo, the property of which is the building itself with its inventory and the saw-mill; this can be seen in the Italian documents and the land and property survey lists.

When AMG, with its Decree No.11, withdrew from the people's liberation council the right to exercise public power, the forestal division of the district people's liberation council left the building.

The administration of State Forests in the Slovenian Littoral which, since the demarcation line was established, had separate business for forests in Zone A (altogether 730 hectares) and for those in Zone B (altogether 16,000 hectares) and the administration of the State Forest in Trnovo as the owner of the building and of the saw-mill where it continued to saw wood coming from its forests, continued to work in the building. In connection with this we would like to mention that the administration of Trnovo forests always had its head office in this building whilst on its forests' territory it only had auxiliary buildings which were completely destroyed by the occupation power during the war.

In spite of the fact that both administrations had a completely economic character and that one of them had all rights to keep its old business residence in its own business, on the 5th October 1945 an AMG officer came into the building and prohibited further working of these administrations, confiscated the safe and locked the rooms. At the same time the saw mill stopped working too. The officer then stated that this was only a temporary measure until a special Commission would inspect the work of these administrations.

2493

In that moment the following state of cash was found in the safe :-

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Littoral State Forests Administration and
of the Trnovo State Forestal Administration.

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2493 -

In that moment the following state of cash was found in the safe :-

From Zone A State Forest Panovec	62.555 - L.
From Zone B Administration of State Forest Head Office	49.971 - L.
Trnovo State Forest	185.555 - L.
State saw mill (income of the Trnovo State Forest)	218.000 - L.
Municipal Forests, Kol.	18.805 - L.

(1)

Declassified E.O. 12356 Section 3.3/NND No. 785015

APPENDIX "B"
(Cont)

Besides the position of cash, no inventory list of both administrations was then made out, not even of the material in the saw mill where there was a big quantity of planks and beams (logs) to the value of approx. half a million lira.

Immediately after returning from their official trip, both administrators protested by letter to AMG Gorizia against such action and asked that the Commission should be detailed as soon as possible, as promised by the AMG officer. AMG did neither answer the letter, nor did it detail the Commission but it can be found at once that it handed the keys to the former commander of the Fascist Forestal Militia, Dr. Roberti, who, after the collapse of Germany, escaped to Gorizia but who came back afterward, and at the request of AMG he founded in the premises of the administration of the State Forests of the Slovenian Littoral and of the administration of the State Forest Trnovo, a certain office for liquidation of the former forestal militia's obligations.

Dr Roberti, together with the members of the former fascist forestal militia who gathered around him is today freely in possession of the inventory and material of both the administrations.

As AMG did not think it necessary, up to today, to consider the justified claims of both the administrators of the annulled administrations, especially with regard to the possession, we consider it our duty to protest most strenuously against the irregulation taken by the AMG officer and against the not very great understanding of AMG who, for nearly 5 months, have not esteemed it necessary to settle the problem of both administrations property by a Commission. At the same time we must state that the order of AMG Gorizia about closing is not in accordance with the main agreement in as far as by the closing of the residence and of the saw-mill belonging to the Administration of the State Forest Trnovo it is made impossible for this administration to import the wood and to cut it on its own saw-mill. Because of this considerable economic damage for not only Zone B but also for Zone A has been caused which fact can be clearly seen from the fact that the saw-mill did not continue its work after the day of its closing as it was left without wood that was arriving from the Trnovo forest.

Because of all the a/m actions and in accordance with the main agreement dated 20 July, we request that the problem of solving the controversy regarding the closing of the administration of the State Forests in the Slovene Littoral and the administration of the Trnovo State Forest be approached as soon as possible, and we propose:

1. That a Commission should be composed at once composed of delegates from AMG for the Julian Benecija in Trieste and of delegates from the Jugoslav Military Government, Abbazia, who will solve the question of the closed administration's property.

2492 -

2. To permit the Jugoslav Military Government to appoint their delegate to the forestal offices in Gorizia and Trieste in order that Jugoslav Military Government could use the archives and forestal plans that are in possession of these offices and relate to

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2492 -

2. To permit the Jugoslav Military Government to appoint their delegate to the forestal offices in Gorizia and Trieste in order that Jugoslav Military Government could use the archives and forestal plans that are in possession of these offices and relate to forests belonging to Zone B.

(Signed)

Dr. KOBE, BOZO

(12)

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DISTRIBUTION LIST.

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12	Tn (Main)., ROME
13	GOC., 13 Corps
14/16	DA & QMG., 13 Corps
17	AQMG (Mov)., 13 Corps
18	Chief Commissioner., ALCOM
19	HQ., ALCOM
20/29	Economic Section., ALCOM
30	Industry & Utilities Sub-Commission, ALCOM (att. Chief, Electrical Div)
31	Industry & Utilities Sub-Commission, ALCOM (att. Coal Division)
32	Industry & Utilities Sub-Commission, ALCOM
33	Finance Sub-Commission, ALCOM
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35	British Embassy, ROME
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37/38	D/SCAO, AMG 13 Corps
39	Economic Adviser, AMG 13 Corps
40	Public Relations Officer, AMG 13 Corps
41	Legal, AMG 13 Corps
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43/44	Supplies, AMG 13 Corps
45	Transportation, AMG 13 Corps
46	Labour, AMG 13 Corps
47	Public Works, AMG 13 Corps
48/67	Jugoslav Delegation
68	Commerce, AMG 13 Corps
69	Col. C.H. BARRETT, PDTU, Navy House, TRIESTE
70	Capt. PARKER., AMG 13 Corps
71	GSI (E)., Main 13 Corps
72/100	Spares.

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Chief Commissioner
ALCOM
ROME

APR 9 RECD

COPY NO 18

JOINT ECONOMIC COMMITTEE.
HEADQUARTERS, ALLIED MILITARY GOVERNMENT.
XIII CORPS, TRIESTE, ITALY

27 March 1946

JOINT ECONOMIC COMMITTEE - AGENDA

The twelth meeting of the Joint Economic Committee (per agreement of 20th June 1945 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army), will be held at 0930 hrs on FRIDAY, 29 March 1946, in the Main Conference Room, No.68, HQ. AMG, 13 Corps, TRIESTE, to consider the following AGENDA :-

1. Minutes of the eleventh meeting held on 2 March 1946.

2. Consider the minutes of the meetings of the following Sub-Committees:-

   a) Industry & Commerce and Fuel & Power Sub-Committee meeting of 25 March 1946 (Appendix A).

   b) Finance Sub-Committee meeting of 26 March 1946 (Appendix B).

3. Any other business.

4. To set a date for the next meeting.

2490 -

J. R. SNOWDEN.
Major, DAAG.

Declassified E.O. 12356 Section 3.3/NND No. 785015

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2490 -

J. R. SNOWDEN.
Major, DAQMG.
Secretary
Joint Economic Committee.

JRS/HLC

Attachments:

Appendices "A" and "B"

(11)

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APPENDIX "A"

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

25 March 1946

M I N U T E S

INDUSTRY & COMMERCE SUB-COMMITTEE and the FUEL & POWER SUB-COMMITTEE.

124. The eleventh meeting of the Industry & Commerce and Fuel & Power Sub-Committee was held at 1530 hours, on MONDAY, 25 MARCH 46, in the Economic Section, HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman

Lt.Col. D.S. BICKERSTETH
Economic Adviser,
HQ AMG 13 Corps

Members

Major J.E. FODEN,
Ind & Utilities,
HQ AMG 13 Corps.

Ing. SIKOSEK D.
Ing. KOVACIC, M.
Mr. URSICIC, F.

In Attendance

Lt.Col. H.C. QUARTIER
AD/SCAO.
Major T.E.H. McKITTRICK,
AFHQ.

125. RETURN OF SHIPPING BELONGING TO THE FIUME AND OTHER SOCIETIES TO ZONE B.

Ing. KOVACIC said a letter suggesting a conference on the subject had been addressed to the Secretariat and as no reply had been received, the Jugoslav Delegation assumed this conference was not desired by the Allied delegates.

Lt.Col. BICKERSTETH said no such letter has been received, and certainly the Anglo-American representatives still wished to have this meeting. The whole question was a complicated one and would be dealt with at this shipping conference which should be arranged as soon as possible.

126. ARSA COAL.

2489 The Chairman said AMG are willing to assist the arrangement for the payment of electricity by coal, and in reply the Jugoslavs stated that investigations on this question had been started with SELVEG.

127. POLA CONVOY.

Declassified E.O. 12356 Section 3.3/NND No. 785015

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Chairman

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Economic Adviser,
HQ AMG 13 Corps

Members

Major J.E. FODEN,
Ind & Utilities,
HQ AMG 13 Corps.

Ing. SIKOSEK, D.
Ing. KOVACIC, M.
Mr. URSICIC, F.

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Major T.E.M. McKITTRICK,
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127. POLA CONVOY.

Lt.Col. BICKERSTETH asked for a reply to his request for written authority for the operating of the civilian convoy.

Ing. KOVACIC said that a written reply had been sent, and enquiries will be made to trace the letter.

128. BUSES OWNED BY GRATONI.

The Chairman said the case had been submitted for a legal opinion, and this was read.

129. TAR FROM ROVIGNO.

(11) Lt.Col. BICKERSTETH asked if the Jugoslavs can now give further information about this question.

Ing. KOVACIC replied the matter has been investigated but there was no need to distil tar at present in Trieste as they will probably do this in Fiume.

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130. CONSORZIO PER LA BONIFICA DELL'ISTRIA.

The Chairman again asked for documents of this concern. The Jugoslav delegates undertook to examine the question.

131. TRANSPORT OF FLOUR POLA-CERSO.

Transport Division letter 130/ANG/TN/6, giving the reason for the additional charges, was read to the Jugoslav members.

132. TRANSPORT OF CATTLE & GOODS THROUGH ZONE A.

The Chairman said he had again taken up the question, and as far as he knew, arrangements were now satisfactory.

133. MOVEMENT WITHIN 1 KM. OF THE MORGAN LINE.

Lt.Col. BICKERSTETH enquired whether the Jugoslavs had received a letter on this subject and Ing. KOVACIC replied "No".

134. EMPLOYMENT OF WORKMEN FROM ZONE B IN POLA.

Lt.Col. BICKERSTETH asked whether the Jugoslavs had received a letter on this subject from the Joint Economic Committee, and they replied "Yes".

Ing. KOVACIC said they would discuss this at the main meeting.

135. MACHINERY EXPORTED FROM THE COTTON MILL AT PODGORA.

The Jugoslavs have now received a letter on the subject from Economics Division, ANG 13 Corps.

136. REMOVAL OF RAILWAY LINES.

The Chairman said this matter is being dealt with by Colonel BARNETT, DD.TN., TRIESTE, but it is understood the railway lines were not sent to Italy.

137. FORESTRY OFFICE.

Lt.Col. BICKERSTETH said he was at a loss to understand the letter he had received regarding the closing of the Forestry Offices in Gorizia, since work has been carried out in a satisfactory manner, the money had all been accounted for and held in trust by the Intendenza di Finanza and copies forwarded to the Jugoslav Authorities in November. He added that he had visited Gorizia with another officer, who went into the matter with the Area President. The President said everything was in order. A letter with regard to the accounts has since been received from the Jugoslavs acknowledging the a/m letter dated November 1945 in which certain accounting items are disagreed.

Ing. KOVACIC: "So you agree this office should be closed and the property confiscated".

Lt.Col. BICKERSTETH replied that nothing has been confiscated. A complete inventory has been made and all the cash frozen at the Intendenza di Finanza.

Ing. KOVACIC requested a written reply and said the matter

2488

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133. MOVEMENT WITHIN 1 KM. OF THE MORGAN LINE.

Lt.Col. BICKERSTETH enquired whether the Jugoslavs had received a letter on this subject and Ing. KOVACIC replied "No".

134. EMPLOYMENT OF WORKMEN FROM ZONE B IN POLA.

Lt.Col. BICKERSTETH asked whether the Jugoslavs had received a letter on this subject from the Joint Economic Committee, and they replied "Yes".

Ing. KOVACIC said they would discuss this at the main meeting.

135. MACHINERY EXPORTED FROM THE COTTON MILL AT PODGORA.

The Jugoslavs have now received a letter on the subject from Economics Division, AMG 13 Corps.

136. REMOVAL OF RAILWAY LINES.

The Chairman said this matter is being dealt with by Colonel BARNETT, DD.TN., TRIESTE, but it is understood the railway lines were not sent to Italy.

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Ing. KOVACIC requested a written reply and said the matter would be raised at the main conference.

138. IDENTITY CARDS.

The Chairman asked when the two hundred sets of Jugoslav identity cards will be delivered and Ing. KOVACIC replied that Lt.Col.LENAC would bring them to the main meeting on the 29th March.

139. REMOVAL OF DRILLING SHAFTS FROM AGIP FIUME (ROMSA).

Lt.Col. BICKERSTETH drew the attention of the Jugoslavs to the removal of drilling shafts from the firm of AGIP Fiume to Jugoslavia. It was considered that this constituted the removal of plant and machinery from Venezia Giulia, which was contrary to the terms of the Morgan-Jovanovic Agreement.

(11)

It was understood ..../

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139. (Continued):

It was understood from a letter received by AMG that the Jugoslavs had removed this plant on the assumption that it was war booty; it was requested that a reply should be given to this question.

140. SS "REX".

The Chairman said more complaints have been received about goods being stolen from this ship and suggested that it might be wise to hire watchmen. The Shipping Company would like to discuss the matter with the Jugoslavs. Could a meeting be arranged ?

Ing. KOVACIC said a reply would be given at the main meeting.

141. RELEASE OF M/V "ZVER" AND "LABOR".

The Chairman explained that these ships were seized because they were carrying coal. The coal was unloaded for distribution through the proper channels and the ships were then released.

In the discussion which followed the Jugoslavs alleged that these ships had not been released, as they would under normal circumstances return to Zone B themselves.

The Chairman stated that the "ZVER" was seen loading at Pola and investigations would be made concerning her immediately. It had at no time been the policy of AMG to requisition Jugoslav ships and these vessels were most certainly not operating on behalf of AMG through UGEMA.

Ing. KOVACIC requested that investigations should be made immediately to find out why the ships were not permitted to sail from POLA, as if this permission was not granted, the ships which were being held by the Jugoslavs would neither be released.

142. THE EXCHANGE CLEARING AGREEMENT.

The Chairman asked if this agreement would be signed at this session of the Committee and said he was convinced that the agreement will greatly facilitate trade between the two zones and will be of enormous advantage to both parties. He promised every assistance to trade as soon as the agreement is signed.

The Jugoslavs promised to co-operate and said the agreement will be signed shortly.

143. CONTROL OF GOODS CROSSING THE MORGAN LINE.

Ing. KOVACIC said the Jugoslav members do not agree to the control of goods crossing the Morgan Line and added that it is contrary to the Morgan-Jovanovic Agreement.

Lt.Col. BICKERSTETH replied that only unauthorised traffic is being stopped and that AMG are in fact issuing a large number of permits for the transfer of goods across the Line, which was in itself an indication that commercial traffic is moving satisfactorily.

Ing. KOVACIC complained that commercial traffic will cease if these regulations are enforced, because traffic is only allowed on approved roads. The Jugoslav members protest against this rule.

Lt.Col. BICKERSTETH explained that AMG can maintain check posts on the main roads only.

2487

Ing. KOVACIC: "This prohibits traffic on all other roads and commerce is held up".

Lt.Col. BICKERSTETH requested that this matter be raised at the main meeting.

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Ing. KOVACIC: "This prohibits traffic on all other roads and commerce is held up".

Lt.Col. BICKERSTETH requested that this matter be raised at the main meeting.

144. NAVAL TRAFFIC.

Ing. KOVACIC said the Jugoslavs did not agree that naval traffic should be controlled under the authority of an Italian Decree of 1922 and asked AMG to issue new regulations, which should previously be discussed with the Jugoslav delegates.

The Chairman replied that AMG has full authority in this area and that the question should be raised at the main meeting.

145. STATEMENT BY AN ALLIED OFFICER.

Ing.KOVACIC said that the statement referred to in Minute 196 at the Joint Economic Committee meeting on 2 MAR 46 was made by an Allied Captain to the owner of the firm DURATI in UDINE. No further particulars were available.

(11)

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146. THE RADIO TRANSMITTER IMPOUNDED AT GORIZIA.

The Chairman said that no information had yet been received about this matter, but he would ask for it.

147. IMPOUNDED CARS.

Ing. KOVACIC handed the Chairman a list of cars impounded by AMG for transmission to the police.

148. EXPORTS FROM ZONE A.

Ing. KOVACIC asked what items are permitted to be exported from Zone A.

Lt.Col. BICKERSTETH replied that in principle surplus goods of local origin and goods coming from Italy subject to the approval of the Italian Government. He added he would be happy to see the maximum possible volume of trade and would help the Jugoslavs to obtain requirements.

149. FUEL & POWER.

Major FOLEY confirmed that restrictions on electric current are now officially lifted.

150. ELECTRICAL EQUIPMENT AT OPICINA.

Mr. URSICIC complained that some electrical equipment is being removed from the railway sub-station at OPICINA.

Major FOLEY replied that Colonel BARRETT will deal with this matter at the main meeting.

H. ST.G. FRENCH,
Major, L.A.M.G.,
Secretary,
Joint Economic Committee.

HSTGF/LVW

2486

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APPENDIX B

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE.

26 MARCH 1946.

JOINT ECONOMIC COMMITTEE
FINANCE SUB-COMMITTEE - MINUTES.

46. The sixth meeting of the Finance Sub-Committee was held at 0930 hours on the 26th March 1946 in the Finance Division, HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman

Lt.Col. M.T. BEARD
CFC., AMG 13 Corps

Members

Ing.KOVACIC, M.)
Mr. URSICIC, F.) Jugoslavia.
Ing. SIKOSEK, D.)

In Attendance

Major T.E.M. McKITTERICK, AFHQ.

47. It was agreed that questions arising from the last meeting, which had not been discussed, should be raised at the main meeting of the Joint Economic Committee.

48. JUGOSLAV OCCUPATION LIRE ACCEPTED BY BUS COMPANIES.

Zone A Bus Companies operating through Zone B had been forced to accept Jugoslav Lire, which they were now holding. This amounted to several million lire and it was requested that they should be permitted an opportunity of clearing occupation lire with the Jugoslav Authorities.

The Jugoslavs in reply stated that the bus companies have expenses to be met in Zone B for the operation of Bus Stations, etc., and that it was the responsibility of the bus companies themselves to find means of spending the currency in Zone B. It was impossible for the Jugoslavs to pay them out in Metropolitan lire, and the whole arrangement depended upon the exchange clearing agreement.

Lt.Col. BEARD pointed out that the bus companies had been forced to accept this currency, which was valueless to them, by the Finance Section AMG, and some means must be found in the meantime to enable this money to be changed, such as for example the sale of timber to the bus companies so that in turn this might be sold to buyers in Zone A.

Ing. KOVACIC asked which routes were affected as the TRIESTE - POLA route had not been officially recognised by them.

It was agreed that the routes affected would be submitted to the Jugoslavs before the next meeting.

2485

49. EXCHANGE OF CURRENCY OF RAILWAY EMPLOYEES LEAVING ZONE B.

Lt.Col. BEARD stated that Railway employees who were being

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Lt.Col. N.T. BEARD
CFC., ANG 13 Corps

Members

Ing.KOVACIC, M.)
Mr. URSICIC, F.) Jugoslavia.
Ing. SIKOSEK, D.)

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It was agreed that the routes affected would be submitted to the Jugoslavs before the next meeting.

2485

49. EXCHANGE OF CURRENCY OF RAILWAY EMPLOYEES LEAVING ZONE B.

Lt.Col. BEARD stated that Railway employees who were being transferred from Zone B to Zone A had a certain amount of Jugoslav Lire in their possession. Could the Jugoslav Authorities exchange this for Metropolitan Lire before these individuals left Zone B ?

In reply to this question it was stated that while Metropolitan Lire had been available, this currency had been exchanged, but the matter could be settled through the exchange clearing agreement, when it was completed.

Ing. KOVACIC pointed out that the Jugoslavs had lire in the banks in POLA.

50. MONEY OWING TO SELVEG.

(11)

The question of the settlement of the 30 million lire owing to SELVEG was being taken up between SELVEG and the Jugoslav Authorities.

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51. INDEBTEDNESS OF THE HEAD OFFICES OF CASSA DI RISPARMIO TO ITS BRANCHES IN ZONE B.

Lt.Col. BEARD asked what the individual sums owing to branches of the Cassa di Risparmio in Zone B amounted to in each case. He further pointed out that it was only branches in Zone B that had been unable to pay out and that all accounts held in Zone A had been available. It was people in Zone B with accounts in Zone B who were complaining. Therefore, what action was it desired that he should take in the matter.

Mr. URSICIC replied that the total owing to depositors in the Zone B branches of the Cassa di Risparmio amounted to approximate 80 million Lire. It was suggested, therefore, that AMG Finance Division should permit the funds in Zone A owing to branches of Cassa di Risparmio to be used for meeting obligations in Zone A. Then debtors to Zone A in Zone B could pay corresponding sums into the branches of the Cassa di Risparmio in Zone B in each individual case.

Lt.Col. BEARD replied that another simpler suggestion was that the accounts of individuals in the branches of this bank in Zone B should be transferred into the head office in Zone A and treated in the same way as the other accounts in Zone A held by residents of Zone B. this system would satisfy the liabilities of the bank to their individual clients. In order to operate the system suggested by the Jugoslavs for the Cassa di Risparmio to have funds, it would be necessary for someone in Zone B to owe money to someone in Zone A, and such amounts on current debts did not appear to be sufficient to meet these liabilities.

Mr. URSICIC stated that many people wished to meet their obligations in Zone A and also wished to purchase goods, as for example the bus services and the railway workers. Their system would not necessitate people coming to TRIESTE.

In reply Lt.Col. BEARD stated that he would discuss the matter with the Cassa di Risparmio and would try and assist in this matter, but that the adequacy of currency was a Jugoslav responsibility.

52. ISSUE OF OCCUPATION LIRE.

The Jugoslavs stated that they did not propose nor were they entitled to give answers to the following questions :-

a) The amount of occupation Lire issued by Jugoslav Military Authorities to date.

b) The amount of new occupation lire being issued monthly.

c) The future programme for the issue of occupation lire.

Lt.Col. BEARD pointed out that these questions had been asked by the Combined Chiefs of Staff, and emphasised that the Jugoslavs had given an undertaking to inform AMG Finance Division before any further issues of currency were made.

Mr. URSICIC replied that no such undertaking had ever been given in writing.

It was further stated by the Jugoslavs that no conversion of Metropolitan lire to Occupation lire had been made nor was any conversion contemplated: both currencies were circulating freely.

53. CANCELLED DINARS.

2484

The letter written by the Chief Finance Officer, AMG, on cancelled dinars (see Minute 41 of 5th meeting of Finance Sub-Committee) had

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individual case.

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53. CANCELLED DINARS.

2484

The letter written by the Chief Finance Officer. AMG, on cancelled dinars (see Minute 41 of 5th meeting of Finance Sub-Committee) had not been received, and it was agreed to raise the matter at the main meeting.

54. LETTER FROM THE PEOPLES AUTHORITY FIUME TO THE MANAGERS OF BANKS.

Lt.Col. BEARD stated that the Peoples' Authority had written a letter to the managers of banks in FIUME instructing them to obtain currency to meet their liabilities in FIUME. The managers of these banks had applied to their head offices for funds; what was the desire of the Jugoslavs as they had previously stated at this meeting that they did not wish for currency, yet the Peoples' Authority were demanding currency? Could the position of the Powers of the Peoples' Authority be clarified.

Mr. URSICIC ..../

(11)

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54. (Continued)

Mr. URSICIC replied that it was considered democratic to allow the Peoples' Authority to make such demands without the direct authority of the Government. This letter referred to was written by the City National Council of Fiume on behalf of the people who held accounts at banks, and as the direction of the Financial Institution of Fiume they were entitled to make these demands.

Lt.Col. BEARD asked which desire should be carried out as one negatived the other; was it desired that currency should be transferred or not? If so, would the Jugoslavs be prepared to submit a request for a certain sum of currency in writing?

Mr. URSICIC replied that if currency could have been transferred it would have been preferable, and that they would consider the possibility of making such a request to AMG for currency.

Lt.Col. BEARD requested that the Peoples' Party should be kept informed.

55. BRITISH OWNED PROPERTY IN ZONE B.

Lt.Col. BEARD asked if the sums accruing from the sale of Bauxite, the property of a British concern in Zone B, were being credited to the British firm or not.

Ing. KOVACIC replied that this would be settled when the Treaties were made and that, in the meantime, firms of which the owners or directorships were absent were under a temporary administration which treated all estate equally and administered property and banked receipts.

56. PENSIONS.

Lt.Col. BEARD asked if the Jugoslavs had arranged to commence the payments of pensions in Zone B as all payments of these pensions would cease from Zone A from 31st March; the lists of pensioners now being in the possession of the Jugoslav Military Government.

Mr. URSICIC replied that the matter would be examined and that an answer would be given.

57. EXCHANGE CLEARING AGREEMENT.

Mr. URSICIC stated that para 2 (a) of the revised draft of the Clearing Agreement was not quite as agreed by the Sub-Committee, and that the last sentence of para 2 (a) should read "This will be subject to agreement between AMG and JMG".

This was agreed.

Mr. URSICIC further stated that the draft had been passed to Higher Authority for approval.

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2483 -

J.R. SNOWDEN,
Major, DAQMG,
Secretary,
Joint Economic Committee.

JRS/LVW.

(11)

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COPY NO 18

Chief Commissioner
ALCOM
ROME

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

MAR 12 REC'D

2 March 1946.

MINUTES

184. The eleventh meeting of the Joint Economic Committee was held at 1000 hours, 2 MARCH 1946, in the Main Conference Room at HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman

Brigadier G.E.R. BASTIN, OBE,
DA & QMG Rear 13 Corps.

Members

Colonel C.H. BARNETT
DD.TN., TRIESTE.

Lt.Col. D.S. BICKERSTETH
Economic Adviser, AMG 13 Corps.

Lt.Col. N.T. BEARD
C.F.O., AMG 13 Corps.

Lt.Col. A.J. HILMAN
Q (Mov) Rear 13 Corps.

Major J.J. FOLEY
Industry & Utilities,
AMG 13 Corps.

Lt.Col. LENAC, Mirko,
Chief of the Jugoslav Delgn.

Capt. HRZENJAK, D.

Ing. KOVACIC, M.,
Industry, Jugoslavia.

Major JANCIGAN, M,
Commerce, Jugoslavia.

Ing. DOLGAN, M,
Industry, Jugoslavia.

Mr. BERLIC, S,
Finance, Jugoslavia.

In Attendance

Lt.Col. C.A.V. STEPHENS
Chief Commerce Officer, AMG 13 Corps.

Major K. COOPER,
Economics, AMG 13 Corps.

Major E.H. RICHARDSON
Public Works, AMG 13 Corps.

Major BELLAMY, G-2, 55 Area.

Mr. URSICIC, F.,
Commercial Transport,
Jugoslavia.

Ing. SIKOSEK, D,
Electricity,
Jugoslavia.

Major RADUKOVIC, M.

185. Lt.Col. LENAC submitted a letter from Dr.KOBE to the Secretary of the Joint Economic Committee introducing Lt.Col. LENAC, who was taking over the position of President of the Jugoslav Delegation from him. A translation of this letter is shown at Appendix A to these minutes.

2482 186. CANCELLED DINARS

Ing. KOVACIC referred to Minute 85 of the Finance Sub-Committee minutes of 17 JAN 46, stating that she did not consider this minute was

5/4/12

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Members

Colonel C.H. BARNETT
DD.TN., TRIESTE.

Lt.Col. D.S. BICKERSTETH
Economic Adviser, AMG 13 Corps.

Lt.Col. N.T. BEARD
C.F.C., AMG 13 Corps.

Lt.Col. A.J. HILMAN
Q (Mov) Rear 13 Corps.

Major J.L. FODEN
Industry & Utilities,
AMG 13 Corps.

Lt.Col. LENAC, Mirko,
Chief of the Jugoslav Delgn.

Capt. HRZENJAK, D.

Ing. KOVACIC, M.,
Industry, Jugoslavia.

Major JANCIGAN, M,
Commerce, Jugoslavia.

Ing. DOLGAN, M,
Industry, Jugoslavia.

Mr. BERLIC, S,
Finance, Jugoslavia.

In Attendance

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Chief Commerce Officer, AMG 13 Corps.

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Economics, AMG 13 Corps.

Major E.H. RICHARDSON
Public Works, AMG 13 Corps.

Major BELLAMY, G-2, 55 Area.

Mr. URSICIC, F.,
Commercial Transport,
Jugoslavia.

Ing. SIKOSEK, D,
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2482 186. CANCELLED DINARS

Ing. KOVACIC referred to Minute 85 of the Finance Sub-Committee minutes of 17 JAN 46, stating that she did not consider this minute was correct as Lt.Col.BEARD was not present and no answer was given to the reason the Banca d'Italia required the cancelled dinar notes.

Lt.Col.BEARD replied that this minute did not state that he was there, and at the last meeting of the Finance Sub-Committee held on 28 FEB 46 he had promised to submit a letter on this subject. In any case these minutes had been reviewed at the last Joint Economic Committee and no criticism of this minute had been made then.

Ing.KOVACIC replied that they were not having sufficient time to read the sub-Committee minutes before the main meeting, as they were only available the evening before. Therefore, could arrangements be made to have them completed earlier.

The Chairman suggested that 48 hours should be allowed between the last sub-Committee meeting and the main Committee meeting instead of the present 24 hours, this would give the Jugoslav members 24 hours to examine the sub-Committee minutes. This was agreed.

(10)

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187. The minutes of the tenth meeting of the Joint Economic Committee held on the 19th January 1946 were received.

188. HARD COAL FOR LOCOMOTIVES IN ZONE B

Lt.Col. LEMLC asked if there had been any change in the policy concerning the question of hard coal for locomotives in Zone B. Colonel BARRETT replied that there had been no change.

189. THE RETURN TO ZONE B OF SHIPPING OF THE FIUMANA AND OTHER SHIPPING SOCIETIES

Lt.Col.LEMLC referred to Minute 167 of the Joint Economic Committee meeting of 19th January and handed a letter to the Chairman in reply to this question. (see Appendix)

190. DEBLOCKING OF ACCOUNTS AT BANK

Lt.Col.LEMLC handed a letter on the question of deblocking of accounts at banks in Zone B to the Chairman and drew the Committee's attention to minute 177 of the Joint Economic Committee meeting of 19th January. He stated that this letter explained the inconvenience caused by AMG's order prohibiting the meeting of liabilities, by banks in Zone A, of their branches in Zone B and contained 26 claims by individuals sufferin damage through this order (see Appendix C).

Lt.Col.BEARD asked if they desired the transfer of currency across the Morgan Line, which was prohibited.

Capt. BRENNAN replied that they did not desire in particular for currency to pass the Morgan Line, but wished that these credits could be transferred in Zone A in business transactions so that residents of Zone B would not suffer.

Lt.Col.BEARD replied that he would discuss the matter, if they desired, between meetings.

191. REPAIR AND SALVAGE OF SHIPS

Lt.Col. LEMLC stated that the Jugoslavs were not in agreement with the Anglo-American interpretation of what constituted war booty. A further letter of protest was therefore submitted (see Appendix D).

192. REGISTRATION OF SHIPS

Lt.Col. LEMLC submitted a letter concerning the registration and transfer of ships as requested in Minute 166 of the Joint Economic Committee meeting of 19th January (see Appendix E).

193. TRANSFER AND SALE OF SHARES

Lt.Col.LEMLC submitted a letter on the question of the transfer and sale of shares as requested in Minute 168 of the Joint Economic Committee meeting of 19th January. He requested that action should be taken on the suggestions incorporated in this letter. (see Appendix F).

2481

194. THE TENTH MEETING OF THE FUEL & POWER & INDUSTRY & COMMERCE

Declassified E.O. 12356 Section 3.3/NND No. 785045

Lt.Col.LEMAC referred to minute 177 of the Joint Economic Committee meeting of 19th January and handed a letter to the Chairman in reply to this question. (see Appendix A)

190. DEBLOCKING OF ACCOUNTS AT BANK

Lt.Col.LEMAC handed a letter on the question of deblocking of accounts at banks in Zone B to the Chairman and drew the Committee's attention to minute 177 of the Joint Economic Committee meeting of 19th January. He stated that this letter explained the inconvenience caused by AMG's order prohibiting the meeting of liabilities by banks in Zone A, by AMG's order prohibiting the meeting of liabilities by banks in Zone A, of their branches in Zone B and contained 26 claims by individuals suffering damage through this order (see appendix C).

Lt.Col.EMARD asked if they desired the transfer of currency across the Morgan Line, which was prohibited.

Capt. HRMENJAK replied that they did not desire in particular for currency to pass the Morgan Line, but wished that these credits could be transferred in Zone A in business transactions so that residents of Zone B would not suffer.

Lt.Col.EMARD replied that he would discuss the matter, if they desired, between meetings.

191. REPAIR AND SALVAGE OF SHIPS

Lt.Col. LEMAC stated that the Jugoslavs were not in agreement with the Anglo-American interpretation of what constituted war booty. A further letter of protest was therefore submitted (see Appendix D).

192. REGISTRATION OF SHIPS

Lt.Col. LEMAC submitted a letter concerning the registration and transfer of ships as requested in minute 166 of the Joint Economic Committee meeting of 19th January (see Appendix E).

193. TRANSFER AND SALE OF SHARES

Lt.Col.LEMAC submitted a letter on the question of the transfer and sale of shares as requested in minute 138 of the Joint Economic Committee meeting of 19th January. He requested that action should be taken on the suggestions incorporated in this letter. (see Appendix F).

2481

194. THE TENTH MEETING OF THE FUEL & POWER & INDUSTRY & COMMERCE SUB-COMMITTEES

The minutes of the tenth meeting of the Fuel & Power and Industry & Commerce Sub-Committee were received.

195. TRANSIT OF GOODS THROUGH ZONE A . . . . . /

(10)

Declassified E.O. 12356 Section 3.3/NND No. 785015

195. TRANSIT OF GOODS THROUGH ZONE A

Lt.Col. LEN.C requested that the Jugoslav Delegation should be sent a letter giving details of the proposed regulations on the transit of goods through Zone A and requested that contracts already entered into should be permitted without these restrictions being imposed.

Lt.Col. BICKERSTETH replied that goods had arrived in Italy without the knowledge of the Italian Government or AMG. Details on the transit of goods through or to Zone A had always been required and if these details were given no difficulties would arise; business could obviously not be continued in the present haphazzard manner.

It was further pointed out that articles including coal on the reserved commodities list were in world short supply and these material were allocated from a pool to places where needs were most pressing, by Committees specially set up for this purpose and free trade under such circumstances could not be permitted.

Capt. HRENJAK replied that as AMG did not wish to purchase ARSA coal they had considered they were free to trade where and how they desired as they did not know of the reserved commodities list, and thought that trade with Italy was free. Under the existing circumstances Lt.Col.LEN requested that contracts already entered into should be completed, and asked that all that could possibly be done should be done as far as coal was involved.

Lt.Col.BICKERSTETH replied that originally because of the question of the shortage of coal AFHQ had instructed the Anglo-American members of the Committee to discuss the purchase of coal from ARSA.

The Anglo-American representatives were still prepared to discuss the purchase of ARSA coal when the Jugoslavs so desired; in the meantime, no guarantees could be given of how the coal already shipped to Italy and Zone A would be distributed as it was beyond the power of this Committee to alter the controls on reserved commodities.

196. STATEMENT BY AN ALLIED OFFICER

Lt.Col.BICKERSTETH drew the attention of the Jugoslav representatives to the last paragraph of minute 109 of the Industry & Commer Sub-Committee minutes of 27th February and asked if more details could be given on the statement referred to. The Jugoslavs promised to forward details.

197. CONFERENCE ON SHIPPING QUESTIONS

Lt.Col. BICKERSTETH suggested that the proposed conference to deal with shipping problems should be held at 1430 hours on MONDAY, 11th March 1946.

Lt.Col. LEN.C agreed with the suggestion and stated that he would confirm this date later. It was mutually agreed that the Committee should be on a Sub-Committee basis composed of experts on shipping with at least one member of main Committee represented on each side.

198. RELEASE OF MACHINERY FROM ILVA

2480

Lt.Col. LEN.C said that the Jugoslavs considered that in accordance with the spirit of the Morgan-Jovanovic agreement it was not proper that plant and machinery should be removed from Zones A and B without the mutual agreement of both sides, and that instructions for the removal of machinery should not be given one-sidedly.

Lt.Col.BICKERSTETH repli d that the objection of the Jugoslavs

Declassified E.O. 12356 Section 3.3/NND No. 785045

desired as they did not know of the reserved commodities list, and thought that trade with Italy was free. Under the existing circumstances Lt.Col.LEE requested that contracts already entered into should be completed, and asked that all that could possibly be done should be done as far as coal was involved.

Lt.Col.BICKERSTETH replied that originally because of the question of the shortage of coal AFHQ had instructed the Anglo-American members of the Committee to discuss the purchase of coal from ARSA.

The Anglo-American representatives were still prepared to discuss the purchase of ARSA coal when the Jugoslavs so desired; in the meantime, no guarantees could be given of how the coal already shipped to Italy and Zone A would be distributed as it was beyond the power of this Committee to alter the controls on reserved commodities.

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197. CONFERENCE ON SHIPPING QUESTIONS

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Lt.Col. LEE.C agreed with the suggestion and stated that he would confirm this date later. It was mutually agreed that the Committee should be on a Sub-Committee basis composed of experts on shipping with at least one member of main Committee represented on each side.

198. RELEASE OF MACHINERY FROM ILVA

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Lt.Col. LEE.C said that the Jugoslavs considered that in accordance with the spirit of the Morgan-Jovanovic agreement it was not proper that plant and machinery should be removed from Zones A and B without the mutual agreement of both sides, and that instructions for the removal of machinery should not be given one-sidedly.

Lt.Col.BICKERSTETH replied that the objection of the Jugoslavs to this point had been referred to AFHQ, when the ruling was asked for, and that the Anglo-American representatives had been subsequently instructed that this machinery was not affected by the clause relating to the removal of plant and industrial facilities in Appendix I of the Agreement. He further stated that if the Jugoslavs were still in disagreement with this ruling the question should be taken up by them through diplomatic channels.

Lt.Col.LEE.C replied that this would be considered.

199. THE RADIO TRANSMITTER AT GORIZIA

Lt.Col.BICKERSTETH stated that no information had been so far received regarding the release of the radio transmitter which had been impounded at Gorizia.

(10)

Declassified E.O. 12356 Section 3.3/NND No. 785015

200. BUS SERVICES AND CIVILIAN CONVOY THROUGH ZONE B

No reply had so far been received by the Anglo-American side on the granting of permission for the operation of bus services and a civilian convoy through Zone B. Col. BICKERSTETH pointed out that although the Jugoslavs had requested the service GORIZIA-POSTUMIA no authority had been given and presumably the service was no longer required.

Capt. HRZENJAK replied that this service was required, but since they had been unable to provide the twelve tyres, as provisionally agreed, from their side, they had understood that the Anglo-American side was not prepared to operate this service.

Lt.Col. BICKERSTETH replied that if they still wished to operate this service and put up a proposition, the case would be re-examined.

It was further requested that the position of the bus services already operating between Trieste and Pola should be clarified by the Jugoslav Military Government and a written authority given.

Lt.Col. LENG stated that bus services in Zone B had greatly improved and that until Signor Gratoni withdrew his seven buses without warning, and in contravention to his contract which was not due to expire until the end of 1946, this improvement had been maintained.

The Chairman asked if a written authority for the operating of the civilian convoy could be given before the next meeting.

Lt.Col.LENG replied that he would try to arrange this.

201. BUSES OWNED BY GRATONI

Lt.Col. LENG requested that AMG should assist in the return of the buses owned by Signor Gratoni, who had escaped to Zone A and sold with seven buses in contravention of his contract. It was understood that some of these buses had gone to Venice. It was requested that an answer to this request should be provided urgently so that the improvement in bus services in Zone B could be maintained.

The Chairman replied that the matter would be investigated and the results would be passed to the Jugoslavs between meetings.

202. DESTROYER SERENA/BELGRAD

Lt.Col. LENG stated that the letter sent by the Secretary of the Joint Economic Committee arrived on the 19th February and for this reason no answer had been given. The problem had been passed to the Jugoslav authorities and it was hoped that it would be possible to give an answer before the next meeting.

203. DISTILLATION OF TAR

Investigations had been commenced on the proposal for the distillation of the 50 tons of tar from the Rovigno Gas Works and information would be passed to AMG as soon as it was available.

204. THE CONSORZIO PER LA BONIFICA E.V.G. D'ISTRIA

Lt.Col. BICKERSTETH stated that he would submit the request for the documents of this organisation in writing.

Lt.Col. LENG promised to do everything that was possible to obtain the necessary documents.

2479

205. RELEASE OF BUSES (Ind & Commerce Sub-Ctee. Min.119 of 27 FEB 46)

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Jugoslav Military Government and a written authority given.

Lt.Col. [illegible] stated that bus services in Zone B had greatly improved and that until Signor Gratoni withdrew his seven buses without warning, and in contravention to his contract which was not due to expire until the end of 1946, this improvement had been maintained.

The Chairman asked if a written authority for the operating of the civilian convoy could be given before the next meeting.

Lt.Col. [illegible] replied that he would try to arrange this.

201. BUSES OWNED BY GRATONI

Lt.Col. [illegible] requested that AMG should assist in the return of the buses owned by Signor Gratoni, who had escaped to Zone A and Pola with seven buses in contravention of his contract. It was understood that some of these buses had gone to Venice. It was requested that an answer to this request should be provided urgently so that the improvement in bus services in Zone B could be maintained.

The Chairman replied that the matter would be investigated and the results would be passed to the Jugoslavs between meetings.

202. DESTROYER STRENIC/BELGRAD

Lt.Col. [illegible] stated that the letter sent by the Secretary of the Joint Economic Committee arrived on the 19th February and for this reason no answer had been given. The problem had been passed to the Jugoslav authorities and it was hoped that it would be possible to give an answer before the next meeting.

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Investigations had been commenced on the proposal for the distillation of the 50 tons of tar from the Rovigno Gas Works and information would be passed to AMG as soon as it was available.

204. THE CONSORZIO PER LA BONIFICA DELL'ISTRIA

Lt.Col. BICKERSTETH stated that he would submit the request for the documents of this organisation in writing.

2479 Lt.Col. [illegible] promised to do everything that was possible to obtain the necessary documents.

205. RELEASE OF BUSES (Ind & Commerce Sub-Ctee. Min.119 of 27 FEB 46)

It was agreed that the question of the release of these buses would be examined in conjunction with the case concerning Gratoni's buses.

206. FLOUR MILL AT POLA

It was agreed that as the account for the milling of UNRRA flour had still not been paid by the Jugoslav Authorities that the arrangements for payment should be made through the exchange clearing agreement and that the flour which had been held as security against payment should be released taking into consideration the world food shortage.

(10)

Declassified E.O. 12356 Section 3.3/NND No. 785045

207. TRANSPORT OF FLOUR POLA-CARSO

Lt.Col.LENAC submitted a letter containing details of the overcharging for the shipments of flour on the Pola-Carso sea routes by UGNRA. He stated that the bills could be provided (see Appendix).

208. TRANSPORT OF CATTLE & GOODS THROUGH ZONE A

Lt.Col. BIRCHENOUGH stated that action had been taken to implement these arrangements on the 15th of February 1946 and that he would follow this up.

209. CONTROLS ON THE MORGAN LINE

Lt.Col. BIRCHENOUGH stated that the date for the commencement of controls on the Morgan Line had not yet been fixed but that it would take place sometime during March 1946. Full details would be provided to the Jugoslavs with copies of all the necessary forms and documents.

210. THE FIFTH MEETING OF THE FINANCE SUB-COMMITTEE

The minutes of the fifth meeting of the Finance Sub-Committee held on the 28th of February 1946 were received.

211. DEFERMENT OF DISCUSSIONS

It was agreed that the discussions on the Finance Sub-Committee meeting of 28th February should be deferred as the Jugoslav representatives had not had sufficient time to study them.

It was further agreed that a meeting of the Finance reps should be held after the main meeting so that the final points at difference in the exchange clearing agreement could be settled.

212. EXCLUSION OF WORKMEN FROM ZONE B IN POLA

Lt.Col. LENAC stated that 250 men who had been employed in Pola and who resided in Zone B had been prohibited from going to work; could a reason for this action be given.

The Chairman asked that a list of men dismissed should be forwarded for investigation. This was promised by the Jugoslavs.

213. MACHINERY REMOVED FROM THE COTTON MILL AT PODGORA

Lt.Col. LENAC drew the attention of the Committee to the fact that machinery had been exported from the cotton mill at Podgora on the 21st February and that on a protest received from the workmen it was understood that it was intended to export still more machinery. Could it be discovered why this machinery was removed in the first place and could arrangements be made to see that this did not continue.

Major FORAN replied that he understood that if this was electrical apparatus it had been taken to Podgora by the Germans and that it was now being returned to its proper place in CRDA Monfalcone to make space in the cotton mill so that work could be recommenced. He pointed out that if this was the case the machinery was not being exported but simply being moved to its normal place in Zone A.

Lt.Col.LENAC stated he would investigate the matter further and inform the committee.

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Lt.Col. RICHARDSON stated that the date for the commencement of controls on the Morgan Line had not yet been fixed but that it would take place sometime during March 1946. Full details would be provided to the Jugoslavs with copies of all the necessary forms and documents.

210. THE FIFTH MEETING OF THE FINANCE SUB-COMMITTEE

The minutes of the fifth meeting of the Finance Sub-Committee held on the 28th of February 1946 were received.

211. AGREEMENT OF DISCUSSIONS

It was agreed that the discussions on the Finance Sub-Committee Meeting of 28th February should be deferred as the Jugoslav representatives had not had sufficient time to study them.

It was further agreed that a meeting of the Finance reps should be held after the main meeting so that the final points at difference in the exchange clearing agreement could be settled.

212. EMPLOYMENT OF WORKMEN FROM ZONE B IN POLA

Lt.Col. HEMLO stated that 250 men who had been employed in Pola and who resided in Zone B had been prohibited from going to work; could a reason for this action be given.

The Chairman asked that a list of men dismissed should be forwarded for investigation. This was promised by the Jugoslavs.

213. MACHINERY EXPORTED FROM THE COTTON MILL AT PODGORA

Lt.Col. HEMLO drew the attention of the Committee to the fact that machinery had been exported from the cotton mill at Podgora on the 21st February and that on a protest received from the workmen it was understood that it was intended to export still more machinery. Could it be discovered why this machinery was removed in the first place and could arrangements be made to see that this did not continue.

2478 - Major FORD replied that he understood that if this was electrical apparatus it had been taken to Podgora by the Germans and that it was now being returned to its proper place in CRDA Monfalcone to make space in the cotton mill so that work could be recommenced. He pointed out that if this was the case the machinery was not being exported but simply being moved to its normal place in Zone A.

Lt.Col.HEMLO stated he would investigate the matter further and inform the Committee.

214. REMOVAL OF RAILWAY LINES

Lt.Col.HEMLO stated that he wished to draw attention to the removal of railway lines in the area of Gorizia from the tracks, which were being taken in the direction of Udine. He stated that this matter was raised with the Joint Economic Committee as it concerned the removal of plant.

The Chairman instructed that this should be investigated by Colonel BARRETT and the Jugoslavs.

(10)

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215. IDENTITY CARDS

Three copies of the new identity cards to be issued in Zone B, colours red, green and white, were submitted by the Jugoslavs. Lt.Col. ERNST stated that these were to be issued in accordance with the agreement and that the reason for the different colours was that one colour was to be for citizens of Italian nationality, another for citizens of Venezia Giulia and another for citizens of Jugoslav nationality.

It was requested that further copies should be forwarded for distribution to interested Departments in Zone A.

216. DATE OF NEXT MEETING.

It was agreed that the next meetings should be held as follow:

Industry & Commerce and Food & Power Sub-Committee	:	25 MARCH 1946, 0930 hrs.
Finance Sub-Committee	:	26 MARCH 1946, 0930 hrs.
Joint Economic Committee	:	29 MARCH 1946, 0930 hrs.

J.R. SNOWDEN,
Major, RAOC,
Secretary,
Joint Economic Committee.

JRS/LNT

2477 -

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

APPENDIX A

TO:- A.M.G.,
Secretariat of the Joint Economic Committee,
TRIESTE

I would like to inform you that, being very busy in my regular work, I am unable to attend the Joint Economic Committee conference on 2nd March 1946. Lt. Col. DeMAC, Mirko, will be my substitute in my functions of president of the Delegation of the Federative People's Republic Jugoslavia.

Please give the President of the Allied Delegation and all the other members of the Delegation my regards, and I wish them a successful future work with our Delegation under the guidance of Lt.Col. DeMAC Mirko for the best possible economic relations between the territory under Military Government of the Yugoslav Army and that under Allied Military Government until such time when the cause will be justly solved for the benefit of the people in love with that is for the benefit of the Federative People's Republic Jugoslavia.

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

Ljubljana, 23 Feb 46.

Dr. KOBE, Boris (signed)

2476 -

Declassified E.O. 12356 Section 3.3/NND No. 785045

TRANSLATION

APPENDIX B

Joint Economic Committee
Delegation of the
Federative People's Republic Jugo Slavia.

REF : 16/46.

DATE : 25 Feb 46, Ljubljana.

TO : JEC Secretariat of the Joint Economic Committee,
TRIESTE

With reference to Minute 167 of the minutes of the Joint Economic Committee conference of 19th January 1946, we send you a list of ships which should be returned as they belong to the steam-shipping society "Tiumana" and other societies, and were registered in Zone B in the year 1939, i.e. before Italy came into the war.

1. "Nocenigo" which is in Civitavechia being used for communication with Sardinia.
2. "Risronda" requisitioned by the Allied Navy in southern Italy.
3. "Pola", requisitioned by the Allies.
4. "Lusinio", requisitioned by the Allies.
5. "San Vito", requisitioned by the Allies.
6. "Abazia", requisitioned by the Allies, actually in Taranto.
7. "Lovrana", requisitioned by the Allies.
8. "Stamira", given to Greece by the Allies.
9. "Rossini", according to information it is in the Aegean sea.

2475 -

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

President of the Delegation
Lt.Col.
D.N.O, Mitko (signed)

Declassified E.O. 12356 Section 3.3/NND No. 785015

REF : 16/46.

DATE : 25 Feb 46, Ljubljana.

TO : JEG Secretariat of the Joint Economic Committee,
TRIESTE

With reference to Minute 167 of the minutes of the Joint Economic Committee conference of 19th January 1946, we send you a list of ships which should be returned as they belong to the steam-shipping society "Fiumana" and other societies, and were registered in Zone B in the year 1939, i.e. before Italy came into the war.

1. "Uccellino" which is in Castelvecchio being used for communication with Sardinia.
2. "Risvenda" requisitioned by the Allied Navy in southern Italy.
3. "Pola", requisitioned by the Allies.
4. "Lusinia", requisitioned by the Allies.
5. "San Vito", requisitioned by the Allies.
6. "Abazia", requisitioned by the Allies, actually in Taranto.
7. "Lavrana", requisitioned by the Allies.
8. "Stamira", given to Greece by the Allies.
9. "Rossini", according information it is in the Lagoon sea.

2475 -

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

President of the Delegation
Lt.Col.
D.N.O, Mitko (signed)

(10)

Declassified E.O. 12356 Section 3.3/NND No. 778504/5

TRANSLATION

APPENDIX C

Military Government of the Jugoslav Army
for the Giulian Region, Istria, Fiume
and the Slovenian Littoral.
FINANCE DIVISION.

REF : 1300/F.

DATE : 1 March 46.

TO : A.M.G., FINANCE DIVISION, TRIESTE.

We are receiving complaints and protests from various banks and crediting associations these central banks are in Trieste and Pola, saying that when they ask for settlement of their claims at the central banks, the answer they get is that these central banks in Trieste and Pola would meet their obligations but for the written orders from AMG prohibiting them any payment for Zone B.

As this money belongs to inhabitants of Zone B and most of it to busine s people, we r quest that you should issue an ord r to the c/e institutions to meet their obligations towards their branches in Zone B so that these co in turn meet obligations towards their customers.

We want to mention that such work considerably hinders the rehabilitation and normalization of economic life in Zone B which is granted by the "SPORAZUM JOVANOVIC" agreement.

Would you, please, inform us about it.

We are sending you herewith a copy of your prohibiting order.

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

Chief
Pavao JERSIOIC (signed)

2474 Encl: 1 letter.

Declassified E.O. 12356 Section 3.3/NND No. 785045

TRANSLATION
FROM: ET.LE.N

ENCLOSURE TO [illegible]

A.M.G. HEADQUARTERS
ALLIED MILITARY GOVERNMENT
TRIESTE.

Trieste, 4 Oct.45.

TO : Cassa di Risparmio di Trieste, Trieste.

FROM : Area Finance Officer TRIESTE.

SUBJECT : Transfer of funds to Zone B.

REF : F/20.

With reference to your letter dated 2 Oct. 45, in which you ask us whether you may transfer to your correspondent institutes in Zone B of Venezia Giulia certain funds, we confirm that the provisions actually in force in the territory of AMG do not duly prohibit such transfer. The obstacle, mentioned from public offices in Zone B is probably the result of erroneous interpretation of a recent AMG order by which Credit Establishments with central offices in Trieste and branches in Zone B are exceptionally authorised to replace funds in limited quantities and for specified objects to their o/w branches.

Signed: Daniel W. Hawkins
1st Lt.CMP
AFO Trieste.

D'H/m.

2473

Declassified E.O. 12356 Section 3.3/NND No. 785015

TELEGRAM ANNEXURE

Joint Economic Committee
Delegation of the People's
Federative Republic Jugoslavia.

No. 2y/46.

Ljubljana, 25th. Feb 1946.

TO: UNO, Secretariat of the JEC TRIESTE.

With reference to para 1/4, in accordance with the note of the War Booty Commission it is our honour to submit a protest against the interpretation in connection with War Booty.

It cannot otherwise be considered that War Booty in the Italian peace treaty of economical character, belonged to the Italian government represented by the Allies, because it was used directly for war purposes of the Italian forces which most actively collaborated with Germany - according to information from the Ministry of Foreign Affairs of the Federative People's Republic Jugoslavia.

DRAFT IN ENGLISH - LIBERTY TO TIL HIGHER.

President of the Delegation
Dr Kobe, Boze.

2472 -

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

APPENDIX E

Joint Economic Committee
Delegation of the Federative People's
Republic Jugoslavia.

No.17/46.

Ljubljana, 25 Feb 46.

TO: A.M.G., Secretariat of the Joint Economic Committee.
TRIESTE

With reference to Para. 146 of the minutes of the Joint Economic Committee, we give you the following explanation :-

Since the moment when the Jugoslav Army entered into Trieste and other ports that are now either under Allied Government or under the Jugoslav Military Government, no change in registration of ships that were registered in those ports to other ports outside Zone A and B is permitted.

Any change of registration carried out since then should be proclaimed void as it is contrary to the Agreement of 20th June 1945 between the Chief Allied Commander of the Mediterranean Theatre of Operations and the C-in-C of the Jugoslav Army (Appendix J, especially para. 1/c).

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

President of the Delegation
Dr.Robe, Boso.

2471

Declassified E.O. 12356 Section 3.3/NND No. 778015

TRANSLATION

Joint Economic Committee
Delegation of the People's Federative
Republic Jugoslavia.

No. 18/46.

Ljubljana, 25th Feb 1946.

TO: ..MG, Secretariat of the Joir. Economic Committee,
TRIESTE

Referring to Minute 168 of the minutes of the Joint Economic Committee conference of 19th January, we give you the following explanation :-

According to the agreement dated 20th June 45 between the Supreme Allied Commander of the Mediterranean Theatre of Operations and the C-in-C of the Jugoslav Army, Appendix J, para 1/c - no shares or ownership of shipping or industry enterprises can be alienated during the time of the allied occupation and until the final settlement of all questions on the peace conference. According to this, transfer of shares should not be permitted by the Allied Authorities. All transactions carried out during the time of Allied occupation should be proclaimed void as they will not be recognised.

Would you please take all the measures necessary concernin this question.

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

2470 -

President of the Delegation
Dr. Kobe, Bozo.

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

ANNEX G

Military Government of the Jugoslav Army
for the Cadian Region, Istria, Fiume
and the Slovenian Littoral.

ECONOMIC DIVISION
Commerce & Supply Section.

REF : 2532/P.

DATE : 1st March 1946

TO : A.M.G., COMMERCE DIVISION, TRIESTE.

The captains of the ships "SAN GIOVANNI" and "SANTIAGO" that belong to the Society "UGEM", incorrectly charge the fare for transport of flour from Pola to Cerso.

The distance between Pola and Cerso is 32 nautical miles and according to tables issued by the society "UGEM." for transport of flour that comes into the 4th category (Table I), the tariff for 30 nautical miles amounts to [illegible].- Lira, for 40 nautical miles to 740.- Lira per ton, whilst these captains are charging us 862.- Lira per ton.

Therefore, if we take the distance of 40 nautical miles for reckoning, there is a difference of 122.- Lira per ton.

Would you please intervene with "UGEM." to conform with regulations in force and to return to us the incorrectly charged amount.

DEATH TO FASCISM - LIBERTY TO THE PEOPLE.

2469

For the Chief of Economic Division
(signed)

Declassified E.O. 12356 Section 3.3/NND No. 785015

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30	Industry & Utilities Sub-Commission., ALCOM (att. Chief, Electrical Div)
31	Industry & Utilities Sub-Commission, ALCOM (att. Coal Division)
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42	Finance, AMG 13 Corps
43/44	Supplies., AMG 13 Corps
45	Transportation, AMG 13 Corps
46	Labour, AMG 13 Corps
47	Public Works, AMG 13 Corps
48/67	Jugoslav Delegation
68	Commerce, AMG 13 Corps
69	Col. C.H. BARRETT, DDTN, Navy House, TRIESTE
70	Capt. FARMER., AMG 13 Corps
71	GSI (B)., Main 13 Corps
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Chief Commissioner
ALCOM.
ROME

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COPY NO

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, CASERTA, ITALY

1 March 1946

JOINT ECONOMIC COMMITTEE - AGENDA

The eleventh meeting of the Joint Economic Committee (per agreement of 20th June 1945 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army), will be held at 9?? hrs on SATURDAY 2 March 1946, in the Main Conference Room, No.68, HQ. AMG, 13 Corps, CASERTA, to consider the following AGENDA :-

1. Minutes of the tenth meeting held on 19 January 1946.

2. To consider the minutes of the meetings of the following Sub-Committees:-

   a) Industry & Commerce and Fuel & Power Sub-Committee meeting of 27 February 1946 (Appendix A)

   b) Finance Sub-Committee meeting of 28 February 1946. (See Appendix B).

3. Any other business.

4. To set a date for the next meeting.

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J. R. SNOWDEN
Major, D.A.G.
Secretary
Joint Economic Committee

JRS/HLC

Declassified E.O. 12356 Section 3.3/NND No. 785015

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1. Minutes of the tenth meeting held on 19 January 1946.

2. To consider the minutes of the meetings of the following Sub-Committees:-

   a) Industry & Commerce and Fuel & Power Sub-Committee meeting of 27 February 1946 (Appendix A)

   b) Finance Sub-Committee meeting of 28 February 1946. (See Appendix B).

3. Any other business.

4. To set a date for the next meeting.

2467

J. R. SNOWDEN
Major, D.AAG
Secretary
Joint Economic Committee

JRS/HLC

Attachments:

Appendices "A" and "B"

(9)

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APPENDIX A

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

27 February 1946

MINUTES

INDUSTRY & COMMERCE SUB-COMMITTEE and the
FUEL & POWER SUB-COMMITTEE

106. The tenth meeting of the Industry & Commerce Sub-Committee was held at 1430 hours on TUESDAY, 27 FEBRUARY 1946, in the Economic Section, HQ. MG 13 Corps, TRIESTE. The Fuel & Power Sub-Committee was incorporat.

PRESENT:

Chairman
Lt.Col. D.S. BICKERSTETH
AMG 13 Corps.

Members

Major. K. COOPER,
Economics,
AMG 13 Corps.

Major J.E. FODEN,
Ind & Utilities,
AMG 13 Corps.

Capt. D. HRZENJAK
Ing. SLOSEK, D.
Ing. KOVACIC, M.
Ing. DOLGAN, M.
Maj JANCIGAJ, M.

In Attendance.

Lt.Col. C.A.V. STEPHENS Commerce.
Major BELLAMY, G-II, 55 Area.

107. TRANSIT OF GOODS THROUGH ZONE A.

Ing. KOVACIC again raised the question of the difficulties experienced, in the transit of goods through Zone A, by the Jugoslav authorities. She stated that it had been hoped that these difficulties would have been eased, but instead trade was steadily becoming more difficult.

Lt.Col. BICKERSTETH replied that many deals taking place at the present time had given the appearance of irregular transactions, and on each occasion it had been necessary to undertake investigations to ensure that the deals were regularised. Any deal that was in order and which had been recognised by the Jugoslav and Italian Authorities would be helped in every way.

Ing. KOVACIC requested that the exact policy of AMG to trade and to the methods to be adopted, in clearing goods through Zone A and in trading between countries, should be clearly stated.

2466

Lt.Col. BICKERSTETH replied that he would ask Lt.Col.STEPHENS to write to CENTROFROM giving details of the routine to be adopted in all transactions affecting Zone A and Italy.

Lt.Col. STEPHENS explained [illegible]

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Chairman
Lt.Col. D.S. BICKERSTETH
AMG 13 Corps.

Members

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Economics,
AMG 13 Corps.

Major J.D. FODEN,
Ind & Utilities,
AMG 13 Corps.

Capt. D. HRZENJAK
Ing. SIROSEK, D.
Ing. KOVACIC, M.
Ing. DOLGAN, M.
Maj JANCIGAJ, M.

In Attendance.

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Major BELLAMY, G-II, 55 Area.

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Lt.Col. BICKERSTETH replied that he would ask Lt.Col.STEPHENS to write to CENTROPROM giving details of the routine to be adopted in all transactions affecting Zone A and Italy.

Lt.Col. STEPHENS explained that Italy would be recommencing controls on foreign trade and it would be necessary to have import and export licences, and that goods from Zone A and Zone B imported into Italy would require a certificate of origin, and goods desired from Italy by Zones A and B would require a permit to export from the Chamber of Commerce of the place concerned and goods for Jugoslavia or elsewhere the export licence of the Italian Government. It was only desired that AMG should control and ensure that only regular trade took place in Zone A and in consequence it had been necessary to introduce a system of transit, import or export permits in all movement of goods through, into, or out of this zone. In cases of the export of goods from Zone B to Italy, it would be necessary to have an authorisation from the Italian Chamber of Commerce of the place concerned, a certificate of origin from zone B with a stamp authorising the sale by the Jugoslav Authorities, before a transit licence could be issued.

(9)

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Lt.Col. BICKERSTETH pointed out that the reason for controls was so that materials imported to Zones A and B were not re-exported to any other country and to ensure that export trade was of solely indigenous supplies.

108. CONTROL OF GOODS ON THE MORGAN LINE

Lt.Col. BICKERSTETH stated he wished to inform the Jugoslavs officially that AMG was preparing to establish controls on the movement of goods over the Morgan Line.

109. ARSA COAL

Captain HRZENJAK asked for what reason the sale of coal dust to Zone A had been refused.

Lt.Col. BICKERSTETH replied that this coal had been run into small creeks up the coast at night and that this did not seem to be a regular way of doing business. It created the very worst imaginable impression on the Allied Authorities in UDINE and Zone A and if the coal was for sale it should be offered openly. The coal situation was very bad indeed and there was a dire need in the Mediterranean theatre for as much coal as possible, large quantities were having to be diverted for this purpose, which was creating much inconvenience to industry generally. The Anglo-American representatives were willing to negotiate the whole question of ARSA coal when the Jugoslavs were prepared to discuss the matter.

Capt. HRZENJAK pointed out that trust in such matters was essential and several things had created a bad impression amongst Jugoslav officials; for example, the statement by an Allied officer that the import of wood would have to be discontinued because the profits made were being used for propoganda purposes. It was desired to point out that Zone B was the worst damaged part of VENEZIA GIULIA by the war and that this money was needed for rehabilitation, furthermore Jugoslavia was at present only exporting to Zone B those goods most needed by the population.

110. SALVAGE AND REPAIR OF SHIPS

Lt.Col. BICKERSTETH raised the question of the salvage and repair of ships which had been subject to War Booty claims and asked if a reply could be given to his request that the Jugoslavs should agree to make a reimbursement for the work undertaken if the ships at a later date should be awarded to them. (see minute 164 of the Joint Economic Committee of 19 JUNE 46) It was agreed that this was a matter for the Finance Sub-Committee.

111. SHIPPING

It was agreed that all matters relating to shipping should be discussed at the main Committee, and the Jugoslavs propose a special meeting to deal with shipping between main Committee meetings.

2465

The points raised for discussion were:

a) Shipping removed from Zone A during the Jugoslav occupation. (see Minute 164 of Joint Economic Committee meeting 19 JUNE 46).

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Zone A had been refused.

Lt.Col. BICKERSTETH replied that this coal had been run into small creeks up the coast at night and that this did not seem to be a regular way of doing business. It created the very worst imaginable impression on the Allied Authorities in UDINE and Zone A and if coal was for sale it should be offered openly. The coal situation was very bad indeed and there was a dire need in the Mediterranean theatre for as much coal as possible, large quantities were having to be diverted for this purpose, which was creating much inconvenience to industry generally. The Anglo-American representatives were willing to negotiate the whole question of AMSA coal when the Jugoslavs were prepared to discuss the matter.

Capt. HRZENJAK pointed out that trust in such matters was essential and several things had created a bad impression amongst Jugoslav officials; for example, the statement by an Allied officer that the import of wood would have to be discontinued because the profits made were being used for propoganda purposes. It was desired to point out that Zone B was the worst damaged part of VENEZIA GIULIA by the war and that this money was needed for rehabilitation, furthermore Jugoslavia was at present only exporting to Zone B those goods most needed by the population.

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The points raised for discussion were:

a) Shipping removed from Zone A during the Jugoslav occupation. (see Minute 164 of Joint Economic Committee meeting 19 JAN 46).

b) THE RELEASE OF THE SAN GIORGIO.Z. which was placed on the slips ostensibly for repairs in March 1945 at Rovigno, but which in fact was placed there to prevent her use by the Germans and is still on the slips awaiting release by the Jugoslav Authorities so that it may be towed to Trieste for completion.

c) THE RELEASE OF THE PICCOLA MERIL, a motor fishing vessel owned by Mr. Pietro Bart who desired to bring the vessel to Trieste, its port of registry, but was refused by the Harbour Master at Pirano on instructions from the Jugoslav Maritime Authorities who wished to use the ship for trade in the Gulf of Fiume.

(9)

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d) RELEASE OF THE MOTOR TRAWLER OSTRO which was on a voyage from Jablanica (Dalmatia) to Trieste and due to damage to her engines, took shelter at Fiume. Special engineers were sent to Fiume by the firm of Ansaldo from Trieste, to undertake repairs, but when she was ready to sail the Harbour-Master at Fiume informed the owner through a shipping agent by the name of "Lotis" that the ship would be held as War Booty, pending a decision on the question of reparations by Italy. This vessel was built in Tuscan Italy in 1920 at Forte dei Marmi and the present owner, Mr. Rocco, bought and renamed the vessel Ostro, port of registry, Trieste, in October 1941.

112. RELEASE OF MACHINERY FROM ILVA.

Lt.Col.BICKERSTETH stated that he wished to inform the Jugoslav Authorities that the Anglo-American members of the Committee had been instructed by AFHQ, that the 79 machines, to be used for the construction of a cement plant, could be released from ILVA as they were not effected by Appendix I of the Morgan-Jovanovic Agreement.

Capt. HRZENJAK asked that this could be brought up at the main Committee as it was a one-sided decision and the Jugoslav members of the Committee could not agree to this principle.

Lt.Col. BICKERSTETH pointed out that this was a final ruling and if the Jugoslavs were dissatisfied he suggested that it should be taken up through diplomatic channels.

113. THE RADIO TRANSMITTER AT GORIZIA.

Lt.Col. BICKERSTETH stated that concerning the letter submitted by the Jugoslavs on a radio transmitter, which was impounded at GORIZIA, the matter had been taken up on a higher level, and a reply was awaited.

Capt. HRZENJAK asked if this could be expedited and a satisfactory answer given.

Lt.Col. BICKERSTETH replied that no guarantee of any sort could be given.

114. BUS SERVICES AND CIVILIAN CONVOY

Lt.Col. BICKERSTETH asked if the Jugoslavs had any reply on the question of permission to operate the bus services and civilian convoy which had been previously brought up at the Joint Economic Committee and in a letter from the Secretary of 12 Feb 46. This concerned :

a) Gorizia - Postumia Service (which was ready to operate)

2464

b) Two bus Services Trieste - Pola (already operating)

c) Civilian convoy between Trieste and Pola.

Capt. HRZENJAK replied that he understood a letter in reply had been dispatched on this matter, but they did not know the answer.

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Lt.Col. BICKERSTETH replied that as this had not been received and the question had been outstanding for a long time, could the Jugoslavs ensure that the Committee had a reply to this question at the main meeting.

115. D STROYER SERVICO/BELGRADE

Lt.Col. BICKERSTETH stated that a letter on this ship had been dispatched to the Jugoslavs on the 9th February asking that if the salvage and sale of this ship to defray expenses of salvage by AMG was not agreed by the Jugoslavs notification should be given by 16 Feb 46.
As no notification had been received it was proposed to carry on with the salvage as the ship was lying in the way of shipping.

(9)

Capt. HRZENJAK replied that the Jugoslavs did not agree to this proposal and the letter from the Secretary had not been received.

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Lt.Col. BICKERSTETH asked for an immediate answer, as the ship was not worth salvaging except as scrap, and the Jugoslavs had instructed Tripcovich to discontinue salvage operations, and it was necessary that it should be removed.

116. PRICES CHARGED BY UIVOD

Lt.Col. BICKERSTETH drew attention to the fact that prices of goods purchased from Zone B were considerably higher than for the same goods sold in Zone B to residents, could an explanation please be given on this matter, as it is necessary for trading that prices should be equitable.

Capt. HRZENJAK replied they did not know of this matter as trade was free and no control was exercised over the prices charged by private concerns; a small export charge was made but this should in no way affect the price.

Lt.Col. BICKERSTETH pointed out that civilians in Zone B were buying timber more cheaply than the price paid through UIVOD by AMG.

117. DISTILLATION OF TAR

The Jugoslavs were asked if they were prepared to undertake a business deal for the distillation of 50 tons of tar situated at ROVIGNO Gas Works by the distilleries in Trieste. It was pointed out that this was to create work in the local distilleries.

The Jugoslavs replied that they would give an answer to this question.

118. THE CONSORZIO PER LA BONIFICA DELL'ISTRIA

It was requested that the Jugoslavs should provide on loan the documents concerning the Consorzio per la Bonifica dell'Istria, which was being liquidated, so that outstanding credits could be ascertained. Lt.Col. BICKERSTETH promised to submit the request in writing.

119. RELEASE OF BUSES

AMG had been requested by the Jugoslav Military Government to release a bus situated at Sacile (No.FE 3984) to the owners in Fiume. It was felt that as the Jugoslavs were at present holding two buses, two trucks and a trailer, which belonged to INT, some form of exchange could be arranged. The details of these buses are as follows:-

Autobus	Isotta Fraschini	D/120	targa	TS	14252	motore	5002 tel 5002
"	Fiat	635	"	TS	8783	"	002817 " 000072
Autocarro	OM	5 BLD	"	TS	8794	"	0460 " 0318
"	"		"	TS	8795	"	0118 " 0118
Rimorchio	Bartoletti		"	TS	464		" 745

120. FLOUR MILL AT POLA.

2467

Lt.Col. BICKERSTETH stated that the flour mill at POLA which had been milling UNRRA grain had not so far been paid and the debt now amounted to two million lire.

Capt. HRZENJAK replied that he understood that this had now been settled and that an exchange for timber had taken place.

Lt.Col. BICKERSTETH replied that if this arrangement was not

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" "	"	TS	8795	"	0118	" 0118
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Capt. HRZENJAK replied that he understood that this had now been settled and that an exchange for timber had taken place.

Lt.Col. BICKERSTETH replied that if this arrangement was not satisfactory it could be brought up between meetings.

121. TRANSPORT OF FLOUR POLA-CARSO

Ing. SIKOSEK said that DEIL were charging 120 lire a ton too much according to published rates in transporting flour on the POLA-CARSO route.

Lt.Col. BICKERSTETH asked for details and the actual documents in any specific case where they have been charged.

(9)

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122. TRANSPORT OF CATTLE & GOODS

Ing. KOVACIC drew Lt.Col. BICKERSTETH's attention to the fact that authority had not so far been given to the transport of cattle through Zone A as had been requested in Minute 104 of the Sub-Committee meeting of 16 Jan.

Lt.Col. BICKERSTETH replied that the matter had been passed to Public Health Division and Agriculture for action and he would investigate the reason for the delay.

123. FUEL & POWER SUB-COMMITTEE.

Major FOWEN stated that there was no business to be discussed.

J.R. SNOWDEN,
Major, RAOC,
Secretary,
Joint Economic Committee.

JRS/LV7

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APPENDIX "B"

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE

JOINT ECONOMIC COMMITTEE
FINANCE SUB-COMMITTEE - MINUTES.

28 February 1946

37. The fifth meeting of the Finance Sub-Committee was held at 0930 hours on the 28th February 1946 in the Finance Division, HQ AMG, 13 Corps, TRIESTE.

Chairman

Lt.Col. N.T. BEARD
CFO., AMG XIII Corps

Members

Ing. KOVACIC, M. - Jugoslavia
Mr. BERLIC, S. - Jugoslavia
Mr. UPSENIC, F. - Jugoslavia
Capt. HRZENJAK - Jugoslavia

In attendance

Major BELLAMY, G-II 55 Area

38. APPOINTMENT OF COMMISSARS.

Lt.Col. BEARD asked if Commissars had been appointed to all private undertakings in Zone B, if so had they taken over management and were undertakings in Zone B, whose owners and registered offices were in Zone A, being subjected to the same control.

Capt. HRZENJAK replied that he did not feel that this was a suitable question for the Finance Sub-Committee as each military Government was responsible to operate its own policy to the best of its ability.

It was agreed that this question should be raised at the main meeting.

39. OPERATION OF BANKS IN ZONE B.

Lt.Col. BEARD asked if private banks were permitted to operate in Zone B, and if they were not operating was this because they had insufficient currency.

Capt. HRZENJAK replied that banks in Zone B were functioning freely, some banks were having difficulty regarding currency as they had sent their money to their central banks outside Zone B before the liberation but it was felt that when the problem of the indebtedness of the central banks to their branches was solved this question could be answered, but if the same system was adopted as had been used by Cassa di Risparmio, Fiume, the currency shortage could also be settled in this way. The method used by the Cassa di Risparmio had been to sell the assets in foreig

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Lt.Col. N.T. BEARD
CFO., AMG XIII Corps

Members

Ing. KOVACIC, M. - Jugoslavia
Mr. BERNIC, S. - Jugoslavia
Mr. URSICIC, F. - Jugoslavia
Capt. HRZENJAK - Jugoslavia

In attendance

Major BELLAMY, G-II 55 Area

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Lt.Col. BEARD asked if other banks used the same methods would there be sufficient money in private hands to meet their needs.

Capt. HRZENJAK replied that there were not thousands of people in Zone B who had money and further asked the reason for the interest in this matter.

Lt.Col. BEARD replied the Allied Commission wanted advice on the situation so that they would be in a position to advise the Italian Government in reply to De. Gasperi's letter on the question concerning the liabilities of banks in Zone B.

It was agreed that this question would be raised at the main conference.

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(4)

Declassified E.O. 12356 Section 3.3/NND No. 785045

40. MONOPOLY STAMPS.

In reply to the request of Lt.Col. BEARD that the Italian monopoly stamps which had been withdrawn from use in Zone B should be returned to AMG., it was stated that these stamps had been withdrawn from use and would not be used.

41. THE QUESTION OF THE CANCELLED DEBIT NOTES.

Capt. HRZENJAK requested that the reason for the request of the return of the cancelled Debit notes to the head office of the Banca d'Italia Fiume should be submitted to the Yugoslav Military Government by letter so that an answer could be given to the request.

42. FINANCIAL LIABILITY OF THE JUGOSLAVS IN ZONE A.

Lt.Col. BEARD stated that there were considerable sums due by the Jugoslav Authorities to concerns in Zone A. This matter had been under consideration by the Jugoslav Authorities for at least four months, could they make a statement on this matter.

Capt. HRZENJAK replied that Jugoslavia can meet these debts and will do so.

Lt.Col. BEARD asked when this would take place, as private firms could not maintain the sums owing to them much longer. As an example, Magazine Generale was a creditor to the extent of approximately 20 million lire for the unloading of UNRRA goods and they could not possibly continue to unload ships if they were not paid.

Capt. HRZENJAK replied that they were doing their utmost to meet these obligations including those through AMG and he understood that a way had been found to pay for the off-loading of UNRRA supplies. He also felt that AMG could probably help in the meeting of regular liabilities if they assisted in getting debts, owed by Italy and from outside zone B, paid. He pointed out that many of the debts were originally incurred in recommencing industry and in alleviating unemployment when this area was first liberated, and most of the debts in consequence are other than normal commercial debts.

Lt.Col. BEARD stated that there were three types of debts outstanding:-

a) Debts incurred to create employment.
b) " " since the Anglo-American Army had been in occupation
c) " " continually.

How was it intended to pay the debts continually incurred? It seemed obvious that the best way of meeting these obligations was to sell surplus Jugoslav products which could be offered to merchants in Zone A.

Capt. HRZENJAK stated that he considered he had answered the question sufficiently by answering that the Jugoslav Authorities would pay their debts.

2490

It was agreed to raise the question again at the main meeting.

43. DEBTS OWED TO CANTIERI BY THE JUGOSLAV AUTHORITIES

Lt.Col. BEARD stated that several hundred million lire were due to

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return of the cancelled bank notes to the head office of the Banca d'Italia Fiume should be submitted to the Joint Allied Military Government by letter so that an answer could be given to the request.

42. FINANCIAL LIABILITY OF THE JUGOSLAV AVS IN ZONE A.

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2450

It was agreed to raise the question again at the main meeting.

43. DEBTS OWED TO CANTIERI BY THE JUGOSLAV AUTHORITIES

Lt.Col. BEARD stated that several hundred million lire was due to the Cantieri by the Jugoslav Authorities and that a list of materials, which the Cantieri would accept in part quittance of these debts, had been submitted to the Jugoslavs. Would the Jugoslavs be prepared to agree to the supplying of these materials?

In reply it was stated that the Jugoslavs had nothing against this arrangement and that when this proposition had been received it was passed to the competent authorities for examination.

Lt.Col. BEARD requested that this matter should be settled as soon as possible, in reply to which Capt. HRZENJAK stressed that was in their interests also to clear up debts in this territory.

(9)

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44. RETURN OF BANK EMPLOYEES

Lt.Col. BEARD raised two questions:

a) concerning 3 Bank employees removed from Zone A in May 1945.
b) The Chief Cashier of the Bank of Italy, ZARA.

He asked whether it would be possible to return these individuals as their services were required in the first instance in Trieste, and in the second instance in Rome. Further to these Lt.Col. BEARD stated that he had no knowledge of their political background or whether they were desirable people and that he felt confident that the Jugoslavs were the best judges of this point.

Capt. HRZENJAK replied that the political views of these people had not been examined, but suggested that the best method of dealing with the question was through diplomatic channels.

45. CLOSING OF THE NATIONAL MATERNITY AND CHILDHOOD ORGANISATION IN ZONE B

Lt.Col. BEARD asked if there was any information concerning the dissolving of the National Maternity and Childhood Organisation in Zone B, and whether it was the policy of the Jugoslavs to dissolve all Italian social organisations?

Capt. HRZENJAK replied that he did not consider this was a suitable question for the Finance Sub-Committee, and that in any case the position in Zones A and B was not the business of the Italian Government. Furthermore any questions of this nature should be taken up through diplomatic channels, and only questions raised by Allied Commission or AFHQ could be considered.

Lt.Col. BEARD replied that no questions were received direct from the Italian Government and that in all cases questions of Italian Government origin were passed to him by AC or AFHQ, who themselves reques an answer.

It was agreed that this question should be discussed at the main Committee.

2459

J.R. SNOWDEN,
Major, DAQMG,
Secretary,
Joint Economic Committee

JRS/LWW

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JRS/LV7

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Chief Commissioner
AFHQ
Rome

Copy No. 18

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS. TRIESTE, ITALY.

FEB 4 - RECD

19 January 1946

MINUTES

159. The tenth meeting of the Joint Economic Committee was held at 0930 hours, 19 January 1946, in the Main Conference Room at HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman.

Colonel C.H. BARNETT
DDTN., TRIESTE

Members.

Lt.Col. D.S. BICKERSTETH
Economic Adviser, AMG 13 Corps

Lt.Col. N.T. BEARD
C.F.O., AMG 13 Corps

Lt.Col. A.J. MILLIAN
Q (Mov)., Rear 13 Corps

Dr B. KOHE
Chief of Jugoslav Delegation

Ing. M. DOLGAN
Industry, Jugoslavia

Mr S. BERLIC
Finance, Jugoslavia

Ing. D. SIKOSEK
Electricity, Jugoslavia

Major M. JANCIGAJ
Commerce, Jugoslavia

In Attendance.

Capt. H. FARRIMOND
Finance, AMG 13 Corps.

160. NINTH MEETING OF THE JOINT ECONOMIC COMMITTEE.

The minutes of the ninth meeting of the Joint Economic Committee held on the 8th December 1945 were received.

2452

161. HARD COAL FOR LOCOMOTIVES IN ZONE "B".

Dr. KOHE asked if there had been any change in policy concerning the question of hard coal for locomotives in Zone B. The Chairman replied that there had been no change.

162. THE REMOVAL OF MACHINERY FROM THE FIRM OF CHAN.

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Colonel C.H. BARNETT
DDTN., TRIESTE

Members.

Lt.Col. D.S. BICKERSTETH
Economic Adviser, AMG 13 Corps

Lt.Col. N.T. BEARD
C.F.C., AMG 13 Corps

Lt.Col. A.J. MILMAN
Q (Mov)., Rear 13 Corps

Dr B. KOBE
Chief of Jugoslav Delegation

Ing. M. DOLCAN
Industry, Jugoslavia

Mr S. ERLIC
Finance, Jugoslavia

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162. THE REMOVAL OF MACHINERY FROM THE FIRM OF OLAN.

Lt.Col. BICKERSTETH stated that the firm of OLAN had been instructed not to remove any machinery without the authority of AMG. No permission had been applied for since.

163. NINTH MEETING OF FUEL & POWER & INDUSTRY & COMMERCE SUB-COMMITTEE.

The minutes of the ninth meeting of the Industry & Commerce and Fuel & Power Sub-Committee were received.

164. REPAIR AND SALVAGE OF SHIPS.

Dr KOBE stated that there did not seem to be sufficient information

/. . . . in the letter of

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164. REPAIR AND SALVAGE OF SHIPS (Cont).

in the letter of the 8th of January from the Economic Section, JMG concerning details of the plan for repair and salvage of ships claimed as war booty.

In reply Lt.Col. BICKERSTETH stated that a new policy concerning shipping had been received from AFHQ and had been sent by letter to the Jugoslav side of the War Booty Committee. This change in policy altered the whole problem and in consequence the need for this enquiry no longer existed.

Dr KOBE replied that as this problem affected relations between JUGOSLAVIA and ITALY it was beyond the competence of the Jugoslav delegation to this Committee and that it should be settled between Governments.

The Chairman replied that this view was understood, but the main object in view was that the ships concerned should be repaired as quickly as possible.

165. SHIPPING.

Dr KOBE referring to Minute 100 and Minute 101 of the Sub-Committee meeting of the 16th January stated that the letter (see Appx. concerning shipping had been received and would be examined, and he further considered that the owners themselves should personally make contact with the Jugoslav Military Government on all questions of privately owned ships affecting Zone B, and if not in person by letter.

Lt.Col. BICKERSTETH replied that he did not agree that the owners should personally be obliged to make contact with JMG on these matters JMG and JMG through Joint Economic Committee were the responsible bodies for dealing with such questions between Zone A and Zone B. And in consequence it was desirable that a meeting should be held between Main Committee meeting to settle these points after the Jugoslav side had examined the problems and were in a position to give an answer.

After considerable discussion it was agreed that the Joint Economic Committee was solely responsible for settling matters of policy rather than detail, which was the responsibility of the Sub-Committees and Military Governments.

Dr KOBE promised to get a ruling on the ships quoted in the letter and stated that full attention would be paid to the points of International Law involved.

166. REGISTRATION OF SHIPS.

Dr KOBE asked if precautions had been taken to ensure that the registration of ships now in Zone A was not altered as the Jugoslav Governme could not accept any changes made.

The Chairman requested that this question should be submitted by letter in detail.

2457 167. THE RETURN TO ZONE B OF SHIPPING OF THE FIUMANA AND OTHER SHIPPING SOCIETIES.

Dr KOBE requested that the return of eight ships of the Fiumana Shipping Society should be expedited. The matter had been previously raised out of Committee.

The Chairman requested that a letter should be submitted giving details.

168. TRANSFER AND SALE OF SHARES IN INDUSTRY & SHIPPING.

Declassified E.O. 12356 Section 3.3/NND No. 785045

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The Chairman requested that a letter should be submitted giving details.

168. TRANSFER AND SALE OF SHARES IN INDUSTRY & SHIPPING.

Dr KOBE asked if everything had been done to prevent the sale and transfer of shares as this was considered contrary to the terms of Appendix I of the Trieste Agreement. Any transfers which had taken place in Zone A would not be considered valid by the Jugoslav State, which had examined International Law on this question.

Lt.Col. BEARD replied that there was no law against the sale of shares in Zone A but the articles of companies could not be allowed to be altered. The sale of shares could not affect a Company and its registration or the ownership of its plant and facilities.

(8)

/. . . . The Chairman stated.

OBB2
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168. TRANSFER AND SALE OF SHARES IN INDUSTRY & SHIPPING (Cont)

The Chairman stated that he considered this was a Financial and Legal matter and was therefore unsuitable for discussion without further examination. He asked that the Jugoslavs should submit a letter on this question.

169. ILVA.

The stocks of iron and steel at ILVA were discussed at length after previous discussion outside the Committee. Lt.Col. BICKERSTETH stated that the Jugoslav request for 3,000 tons of steel pig and 1,000 tons of iron pig was unacceptable.

Dr KOBE stated that this material was still considered War Booty by the Jugoslavs, who had allowed this material to be used in the interests of industry without prejudice to their claim, and bearing this in mind and the fact of the enormous damage suffered by JUGOSLAVIA this war, he asked that justice should be done in their request for assistance in the urgent rehabilitation of the country.

Lt.Col. BICKERSLETH replied that at no time had any obligation been accepted that the stocks at ILVA were war booty of the Jugoslavs and he considered if the present proposal could not be considered acceptable to them; the matter would have to be considered closed as all that could be done had been done to meet their desires.

It was agreed that the whole matter should be discussed outside Committee with Centroprom and experts.

170. GORIZIA COTTON MILL.

Lt.Col. BICKERSTETH stated that it had been confirmed that the reason for the failure of the Gorizia Cotton Mill to accept the cotton submitted by the Jugoslavs was on the grounds of extreme poorness of quality Technically the shortness of the fibre was not an objection, but poorness in quality, and leaf in the cotton were the cause of the difficulties.

Dr KOBE replied that this was cotton received from UNRRA but as there were different batches which were different in quality, it was agreed that further samples should be submitted for examination. Jugoslav mills were working this cotton.

171. TRANSPORT OF CATTLE THROUGH ZONE A.

Referring to Minute 104 of the Sub-Committee meeting of 16 Jan 46 it was suggested that this question should be carefully examined by Agriculture as it was understood that an epidemic of Glandars had broken out in Zone B affecting donkeys, horses and mules. It was further agreed that some method of exchanging information on such matters should be instituted.

Dr KOBE promised to investigate the situation.

2456

172. FOURTH MEETING FINANCE SUB-COMMITTEE.

The minutes of the fourth meeting of the Finance Sub-Committee held on 17 Jan 46 were received.

173. THE EXCHANGE CLEARING AGREEMENT.

Lt.Col. BEARD stated that the delay in completing the arrangements [illegible] commercial side, but that it was hoped to finish this work during

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173. THE EXCHANGE CLEARING AGREEMENT.

Lt.Col. BEARD stated that the delay in completing the arrangements was on the commercial side, but that it was hoped to finish this work during the week.

The Chairman requested that this was settled as soon as possible, as failure to do so would only cause greater hardship to individuals.

174. ITALIAN MONOPOLY STAMPS.

It was requested that the question of Italian Monopoly Stamps (see minute 31 Finance Sub-Committee of 7 Jan 46) in use in Zone B should be examined and a reply given as soon as possible.

Dr KOBE undertook to do this.

(8)

/. . . . Minute No. 175.

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175. 160,000,000 LIRE TAKEN BY THE JUGOSLAVS FROM THE BANCA D'ITALIA.

Referring to Minute 34 of the Finance Sub-Committee minutes of 17 Jan 46, Dr. KOBE stated that the salaries of all State employees had been paid excepting the Police Force and not Carabinieri as stated in the Minute. Further it had been found on examination of the records that 12,000,000 lire had been given to the Trieste Hospital.

176. PAYMENT OF OUTSTANDING DEBTS BY THE JUGOSLAV GOVERNMENT.

Dr. KOBE stated that Minute 30 of the Sub-Committee Minutes of 17 Jan 46 was not quite correct and that the question of the debts incurred by the Jugoslav Army in Zone A being considered under reparations was only brought forward in discussion. Information on services supplied to the Jugoslav Army was being collected for examination and debts on which the documents were not found in order would be paid if found just.

177. DEBLOCKING OF ACCOUNTS AT BANKS.

Lt.Col. BEARD stated that he was sending a letter to the Jugoslavs on the question of accounts in ITALY of residents in Zone B. The Italian Government are not permitted to transfer currency, and Allied Commission were not in favour of advising the Italian Government to give unlimited credit to cover the liabilities of the banks in Zone B, which the head offices of the banks were required to meet.

Dr KOBE asked if it was not true that the Banks in ITALY were meeting their obligations in Zone A.

Lt.Col. BEARD replied that there was no difference in treatment between Zone A and Zone B in their financial dealings with ITALY.

178. CANCELLED DINARS.

Lt.Col. BEARD asked if there was any reply to his letter requesting the transfer of the cancelled dinars at the Banca d'Italia Fiume to the Head office in ITALY.

Dr KOBE replied that an answer would be obtained as soon as possible.

179. NATIONALISATION OF BANKS, INSURANCE COMPANIES & INDUSTRIAL CONCERNS.

Lt.Col. BEARD asked for information concerning the nationalisation of Financial organisations and Industry. He stated that it was understood that nationalisation was taking place and details were required as this would affect financial relations between the two zones.

Dr. KOBE replied that banks had not been nationalised and in the case of Insurance Companies a new organisation had been formed, but the old organisations had not been liquidated. Private concerns were working as before. An answer to this question was promised in a weeks time.

2455

180. TECHNICAL MATTERS TO BE DEALT WITH BY SUB-COMMITTEES BEFORE MAIN COMMITTEE MEETINGS.

The Chairman requested that all technical matters should be exchanged between the members of the Sub-Committees of each side, as an agenda, at least a week before it was proposed to meet, so that these

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It was agreed that technical problems to be raised should be exchanged a week before the Sub-Committees were due to meet.

181. APPLICATIONS BY BANKS IN FIUME FOR CLEARANCE OF OUTSTANDING DEBTS BETWEEN BANKS & ITALY.

Dr KOBE stated that the banks in FIUME had written a letter to AMG requesting the deblocation of accounts in ITALY so that their liabilities could be met.

Lt.Col. BEARD replied that he had received a copy of this letter which would be forwarded.

(8)

/. . . Minute 182.

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182. CLOSING OF THE OFFICES OF THE FORESTRY DEPARTMENTS IN GORIZIA.

Dr KOBE requested that some action should be taken over the closing of the head offices of the Forestry Department for VENEZIA GIULIA on 5 Oct 45 which were situated in GORIZIA. This office had been responsibl for all the forests in both Zones A and B and in consequence of the action taken, valuable records and money had been impounded. A protest had been lodged at AMG GORIZIA on the 9th October 1945 who had promised to form a Committee to examine the problem. Since then nothing further had been done.

Lt.Col. BICKERSTETH replied that he had no information on this matter and would the Jugoslavs provide the necessary details for examination.

183. THE NEXT MEETING.

It was agreed that the next meetings of the Joint Economic Committee should be held as follows :-

Industry & Commerce and Fuel & Power Sub-Committee	- 26 FEB 46
Finance Sub-Committee	- 27 FEB 46
Joint Economic Committee	- 1 MARCH 46

J. R. SWEDEN.
Major, D.C.L.I.
Secretary
Joint Economic Committee.

JRS/HLC

2454 -

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APPENDIX A.

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
13 CORPS

FILE REF: 13C/AMG/Ec.27

SUBJECT : Ships taken from Trieste by Jugoslavs. 17 JAN 46

TO : Sec. Joint Economic Committee.

Below is the list of ships which was handed to the Jugoslav delegates on 9 August (see Minute 31 of Industry and Commerce Sub-Committee).

The return of these ships to their proper owners is urgently requested and this HQ. is being pressed for settlement of this affair.

All the above ships were removed by the Jugoslav Navy without providing the owners with proper receipt or requisition papers.

We believe the "Goffredo Mameli" has been returned.

Ships		Owner
Tank-steamer "Lina Campanella"	-	Tito Campanella, Genoa.
s.s. "Tenacia Gennari"	-	U. Gennari, Pesaro
s.s. "Punta Planca"	-	La Ligure Romano, Genoa.
Tug. "Ardita"	-	G. Tarabochia & Co. Trieste.
Mot.Fish.Boat "C" 4) in course of	-	Bruno Bohetti & Co. Trieste.
Mot.Fish.Boat "C" 5) equipment	-	" " " "
Mot.sail.vess. "Anna Z"	-	Genestretti Giovenzio, Rimini per Ospedaletto.
Mot.sail.vess. "Aurelio C"	-	Felisatti Aldo, Porto Garibaldi.
Mot.sail.vess. "Maria Gasperi"	-	Linea Triestine per l'Oriente Trieste.
Freight-lighters n.36 & 80 (at present at Spalato)		
Coal lighters n.2 and 4 (at present at Parenzo/Istria)		
Waterlighter n.84	-	Transported in the Zone B.
Motorboat n. 3	-	" " " "
Tugboat "Nettuno"	-	damaged Lussino, Monte Ossero.
"San Marco"	-	damaged Salvore.
"Goffredo Mameli"	-	Societa Garibaldi; damaged.
M/v "Istrea"	-	Ditta Chiozza, Trieste.
M/v "Maria Jose"	-	Degrassi, Grado.

2453

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Tug. "Ardita"	- G. Tarabochia & Co. Trieste.
Mot.Fish.Boat "C" 4) in course of	- Bruno Bonetti & Co. Trieste.
Mot.Fish.Boat "C" 5) equipment	- " " " "
Mot.sail.vess. "Anna Z"	- Genestretti Giovenzio, Rimini per Ospedaletto.
Mot.sail.vess. "Aurelio C"	- Felisatti Aldo, Porto Garibaldi.
Mot.sail.vess. "Maria Gasperi"	- Linea Triestine per l'Oriente Trieste.
Freight-lighters n.36 & 80 (at present at Spalato)	
Coal lighters n.2 and 4 (at present at Parenzo/Istria)	

Waterlighter n.84	- Transported in the Zone B.
Motorboat n. 3	- " " " "
Tugboat "Nettuno"	- damaged Lussino, Monte Ossero.
"San Marco"	- damaged Salvore.
"Goffredo Mameli"	- Societa Garibaldi; damaged.
M/v "Astrea"	- Ditta Chiozza, Trieste.
M/v "Maria Jose"	- Degrassi, Grado.

2459

(Signed)
D.S. EICKERSTETH
LIEUT COLONEL
ECONOMICS.

DSB/gl.

(8)

Declassified E.O. 12356 Section 3.3/NND No. 785045

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17	AQMG (Mov)., 13 Corps
18	Chief Commissioner, ALCOM
19	HQ., ALCOM
20/29	Economic Section, ALCOM
30	Industry & Utilities Sub-Commission, ALCOM (att. Chief, Electrical Div)
31	Industry & Utilities Sub-Commission, ALCOM (att. Coal Division)
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45	Transportation, AMG 13 Corps
46	Labour, AMG 13 Corps
47	Public Works, AMG 13 Corps.
48/67	Jugoslav Delegation
68.	Commerce, AMG 13 Corps
69	Col. C.H. BARNETT, PDTN, Navy House, TRIESTE
70	Capt. FARMER, AMG 13 Corps
71/100	Spares

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Chief Commissioner
ALCOM
Rome

COPY NO 18

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

18 January 1946

JOINT ECONOMIC COMMITTEE - AGENDA

The tenth meeting of the Joint Economic Committee (per agreement of 20th June 1945 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army), will be held at 0930 hours on SATURDAY, 19 January 1946, in the Main Conference Room, No. 68, HQ. AMG. 13 Corps, TRIESTE, to consider the following Agenda:-

1. Minutes of the ninth meeting held on 8th December 1945.

2. To consider the minutes of the meetings of the following Sub-Committees :-

   a) Industry & Commerce and Fuel & Power Sub-Committees meeting of 16 January 1946 (Appendix A).

   b) Finance Sub-Committee meeting of 17 January 1946. (Appendix B).

3. Any other business.

4. To set a date for the next meeting.

J. R. SNOWDEN.
Major, D.C.M.G.
Secretary
Joint Economic Committee.

2451 JRS/HLC

Attachments:

Declassified E.O. 12356 Section 3.3/NND No. 785015

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1. Minutes of the ninth meeting held on 8th December 1945.

2. To consider the minutes of the meetings of the following Sub-Committees :-

   a) Industry & Commerce and Fuel & Power Sub-Committees meeting of 16 January 1946 (Appendix A).

   b) Finance Sub-Committee meeting of 17 January 1946. (Appendix B).

3. Any other business.

4. To set a date for the next meeting.

J. R. SNOWDEN.
Major, DAQMG.
Secretary
Joint Economic Committee.

2451 JRS/HLC

Attachments:

Appendices "A" and "B".

(7)

Declassified E.O. 12356 Section 3.3/NND No. 785015

Appendix "A"
COPY NO

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT,
XIII CORPS, TRIESTE, ITALY.

16 JAN 46.

M I N U T E S.

INDUSTRY & COMMERCE SUB-COMMITTEE and the FUEL & POWER SUB-COMMITTEE.

93. The ninth meeting of the Industry & Commerce Sub-Committee was held at 0900 hrs., on WEDNESDAY, 16 JAN 46, in the Economic Section, HQ AMG 13 Corps, TRIESTE. The Fuel & Power Sub-Committee was incorporated.

PRESENT:

Chairman

Lt.Col. D.S. BICKERSTETH,
AMG 13 Corps.

Members

Ing. DOLGAN, F. Jugoslavia (Industry)
Ing. KOVACIC, M. Jugoslavia (Industry)
Mr. JANCIGAJ, M. Jugoslavia (Commerce)

In Attendance

Ing. SIKOSEK, D. Electrical Expert, Jugoslavia.

94. GORIZIA COTTON MILL.

A sample of the cotton had been submitted to the management of the mill which is at MILAN, who had stated that the mill would not be able to work the type of cotton provided. Negotiations were proceeding through CENTROPROM to see if the difficulty could be overcome.

Lt.Col. BICKERSTETH stated that, as was promised previously, he would assist if he was asked to do so and the demand made was specific. The offer of help was originally offered, when the Gorizia mill was idle, but was still considered possible even though the mill now had a fair amount of work on hand.

95. FIRM CORADO OF CAPO D'ISTRIA.

Lt.Col. BICKERSTETH stated that nothing further had been heard from the firm CORADO concerning the removal of their machinery from UDINE. In reply it was stated that this was the responsibility of the firm to make application and the matter would be examined.

2470

96. AQUEDUCT AT VIPACCO.

Lt.Col. BICKERSTETH stated he was grateful for the reply

Declassified E.O. 12356 Section 3.3/NND No. 785015

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PRESENT:

Chairman

Lt.Col. D.S. BICKERSTETH,
AMG 13 Corps.

Members

Ing. DOLGAN, M.	Jugoslavia (Industry)
Ing. KOVACIC, M.	Jugoslavia (Industry)
Mr. JANCIGAJ, M.	Jugoslavia (Commerce)

In Attendance

Ing. SIKOSEK, D.	Electrical Expert, Jugoslavia.

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2470

96. AQUEDUCT AT VIPACCO.

Lt.Col. BICKERSTETH stated he was grateful for the reply received concerning the rehabilitation of this aqueduct.

97. REPAIRS TO TRIESTE-POLA ROAD.

A letter had been sent to the Jugoslavs concerning the return of empty barrels, as the supply of bitumen for the repair of the road had been undertaken on the basis of returning empty barrels. Unfortunately thi had not been carried out and in consequence the supply had been held up. The Jugoslavs promised to examine this problem.

98. SALVAGE & REPAIR OF SHIPPING ..../

(7)

Declassified E.O. 12356 Section 3.3/NND No. 785015

98. SALVAGE & REPAIR OF SHIPPING.

A letter had been sent to the Jugoslavs on the question of the salvage and repair of ships which were claimed as war booty. It was agreed that the matter should be brought up at the main Committee.

99. PELIKAN.

The Jugoslavs raised the question of the PELIKAN which had been salvaged and was being repaired by some Italians, so that she might be ultimately sold; as this vessel was claimed as War Booty could this be stopped.

In reply it was stated that the matter had been passed to the Naval Sub-Committee of the War Booty Committee for investigation.

100. SHIPS TAKEN FROM TRIESTE AT THE TIME OF THE JUGOSLAV OCCUPATION.

Information showed that during the Jugoslav occupation of TRIESTE a number of ships which were privately owned had been removed to JUGOSLAVIA, without authority or requisition. These ships were not war booty. A list of these ships would be passed to the Jugoslavs and it was asked if information could be given on this question; it was suggested that a special meeting might be arranged with the owners concerned.

101. LETTER REGARDING SHIPPING.

Lt.Col. BICKERSTETH stated that he would send a letter to the Jugoslavs giving details of the ships, over which there were still queries to be settled, so that a reply could be given on these questions.

FELICE. No further information had been received concerning this ship, over which discussions had previously taken place (see minute 48 Industry & Commerce Sub-Committee - 4 SEPT 45).

Ing. KOVACIC replied that the Navy would be asked to expedite a reply.

LINER REX. A request had been received from ALLIED COMMISSION, ROME, concerning the pilfering from the wreck of this vessel, which, according to the owners was now amounting to serious damage. As there was much valuable material on this vessel, which could be salvaged, it was requested that arrangements should be made for the guarding of the wreck to prevent further damage.

Ing. KOVACIC stated that this was a matter for the Naval authorities and could not be dealt with at the Committee.

Lt.Col. BICKERSTETH requested that the Jugoslav Naval authorities should be informed.

ASTRIA. This ship, which was scuttled by the Germans before leaving FIUME, with a gross tonnage of 5406 tons, registered in TRIESTE No.164, had been salvaged by the Jugoslav authorities and was now offered back to the owners by Cantieri di Carnaro, on consideration of payment of cost of repairs.

The owners had complained of very high charges, and it was suggested that a representative of the Jugoslavs and a representative from Zone A should meet and arbitrate in the matter.

Ing. KOVACIC replied that this would be investigated.

NETTUNO & SAN MARCO. Lt.Col. BICKERSTETH drew attention to the

Declassified E.O. 12356 Section 3.3/NND No. 785015

100. SHIPS TAKEN FROM TRIEST[illegible]T THE [illegible]E OF THE JUGOSLAV OCCUPATION.

Information showed that during the Jugoslav occupation of TRIEST[illegible] a number of ships which were p[illegible]ivately owned had been removed to JUGOSLAVIA, without authority or requ[illegible]sition. These ships were not war booty. [illegible] list of these ships would be passed to the Jugoslavs and it was asked if information could be given on this question; it was suggested that a special meeting might be arranged with the owners concerned.

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The owners had complained of very high charges, and it was suggested that a representative of the Jugoslavs and a representative from Zone A should meet and arbitrate in the matter.

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Ing. KOVACIC replied that this would be investigated.

NETTUNO & SAN MARCO. Lt.Col. BICKERSTETH drew attention to the very long time that had elapsed without any information being provided by the Jugoslav Military Government on these cases, and that the Anglo-American authorities consider that too much time has been allowed to pass without an answer to this question.

Ing. KOVACIC replied that it had been requested that the owners should apply direct to the Jugoslav Military Government, Naval Transport Section, in person, it being much better to decide mutually before taking the matter up through the Committee.

Lt.Col. BICKERSTETH agreed but stated that the question of shipping was a matter for which the respective Governments were responsible and that if the owners were not prepared to negotiate with the Jugoslav Military Government in Zone "B" that the Committee must deal with the matter. A list of the ships concerned would be provided by letter.

(7)

Ing. KOVACIC answered that a reply would be given at the main Committee meeting.

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PUNTA PLANKA. Lt.Col. BICKERSTETH requested information on the PUNTA PLANKA at the port of PAGO - the ship had been renamed PLOCE. Details were to follow by letter.

102. ILVA STOCKS.

It was agreed that this question should be dealt with by the main Committee as Dr. KOBE had been present at all the discussions.

103. TRANSIT OF GOODS THROUGH ZONE .

The question of import and export licences was discussed.

Ing. KOVACIC pointed out that although an export licence was asked for when articles from ITALY were to be transported through Zone A, the Italian Government authorities concerned had stated that a letter from the Chamber of Commerce or a receipted bill was sufficient, and did not issue such licences. This fact tended to cause delay in the transit of materials through Zone "A". As AMG had demanded export permits from the Italian Government, could something be done to clarify the situation to prevent delay.

Lt.Col. BICKERSTETH promised to do everything to expedite the matter.

104. TRANSPORT OF CATTLE.

Ing. KOVACIC asked if permission could be granted for the transport of cattle over roads in Zone "A" in the area of TRENTA, SOCA, DREZRICA, etc., as no suitable roads existed in Zone "B". A request had been given to AMG in CAPORETTO, who had referred the Jugoslavs to AMG HQ.

Lt.Col. BICKERSTETH promised to issue instructions to AMG CAPORETTO concerning this matter.

105. FUEL & POWER SUB-COMMITTEE.

There was no business to be discussed.

J.R. SNOWDEN,
Major, D.A.Q.M.G.,
Secretary,
Joint Economic Committee.

244 JRS/LVV.

Declassified E.O. 12356 Section 3.3/NND No. 785015

APPENDIX B.

COPY NO.

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE.

17 JAN 46

JOINT ECONOMIC COMMITTEE
FINANCE SUB-COMMITTEE - MINUTES

29. The fourth meeting of the Finance Sub-Committee was held at 1430 hours, 17th January 1946, in HQ AMG 13 Corps.

PRESENT:

Chairman

Capt. H. FAIRMOND, AMG 13 Corps.

Members

Ing. KOVACIC, M. - Jugoslavia.
Mr. BERLIC, S. - Jugoslavia.

In Attendance

Dr. KOBE, B. - Jugoslavia.
Ing. SIKOSEK, D. - Jugoslavia.

30. PAYMENT OF OUTSTANDING DEBTS BY THE JUGOSLAV GOVERNMENT.

The question of the payment of debts incurred by the Jugoslav authorities in Zone A was raised in a letter sent to Dr. KOBE, requesting clarification of the existing situation. Many of these accounts were being received by AMG Finance Division and largely consisted of bills for materials requisitioned at the time of the Jugoslav Army's occupation.

Dr. KOBE replied that all outstanding bills have been paid excepting a few over which there was some doubt. Materials requisitioned by the Jugoslav Army had been covered in all cases by a properly issued receipt for the goods concerned and would have to be treated, when the questi of reparations was discussed; these cases had been recorded.

It was mutually agreed that all cases that had been received by AMG should be sent to the Jugoslavs for examination and that outstanding debts not affected by reparations, should be paid through the clearing agreement.

It was further agreed that another article should be published in the papers drawing attention to the fact that the Jugoslavs intended to consider debts incurred by their Army during the period of occupation, as reparations and that receipts should be kept so that they could be produced at a later date as evidence of the transactions.

31. ITALIAN MONOPOLY STAMPS.

No reply was available to the question of Italian monopoly stamps which were in use in Zone B, and which raised the possibility of black market operations, because the letter concerning this matter had not yet been received by the Jugoslavs.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Capt. H. FAR[illegible]OND, AMG 13 Corps.

Members

Ing. KOVACIC, M. - Jugoslavia.
Ir. BERLIC, S. - Jugoslavia.

In Attendance

Dr. KOBE, B. - Jugoslavia.
Ing. SIKOSEK, D. - Jugoslavia.

30. PAYMENT OF OUTSTANDING DEBTS BY THE JUGOSLAV GOVERNMENT.

The question of the payment of debts incurred by the Jugoslav authorities in Zone A was raised in a letter sent to Dr. KOBE, requesting clarification of the existing situation. Many of these accounts were being received by AMG Finance Division and largely consisted of bills for materials requisitioned at the time of the Jugoslav Army's occupation.

Dr. KOBE replied that all outstanding bills have been paid excepting a few over which there was some doubt. Materials requisitioned by the Jugoslav Army had been covered in all cases by a properly issued receipt for the goods concerned and would have to be treated, when the questi of reparations was discussed; these cases had been recorded.

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32. THE EXCHANGE CLEARING AGREEMENT.

There were no further developments to be reported, on the date when this agreement would be ready for signature. The arrangements were now in the hands of the Economic and Commerce Divisions and it was hoped that the would have completed the organisation of the Commercial Section within the ne four days.

33. DEBLOCKING OF ACCOUNTS AT BANKS .../

(7)

Declassified E.O. 12356 Section 3.3/NND No. 785015

33. DEBLOCKING OF ACCOUNTS AT BANKS.

The Jugoslav representatives asked if any reply had yet been received from Allied Commission concerning the payment of money owing to persons and organisations in Zone B who had accounts and credits in Zone A and ITALY, and was it possible to state whether a positive answer could be expected.

Capt. FARRIMOND replied that no answer had yet been received but that a request would be made to expedite the reply.

34. THE QUESTION OF 160,000,000 LIRE TAKEN BY THE JUGOSLAVS FROM THE BANKA D'ITALIA.

The Jugoslav representative stated that in reply to the letter received on this question, the 160,000,000 lire had been drawn in cash from the State Treasury Account at the Banka d'Italia for the payment of salaries of state employees in TRIESTE, excepting the Carabinieri. Records were held of exactly how this amount had been spent and it had been drawn from a total balance of 540,000,000 lire, which had been standing in that account. The payment had been made by Jugoslav authorities and was in no way connected with the Jugoslav State Bank, which had been solely responsible for passing the money to the authorities concerned. No discrimination of any sort had been made in these payments.

Capt. FARRIMOND asked the Jugoslavs to write a letter to AMG explaining the situation.

35. 1,337,657,020 CANCELLED DINARS.

Mr. BERLIC stated that AMG had asked for information concerning the removal to Italy of the 1,337,657,020 cancelled dinar, which had been held in the Bank of Italy in FIUME and it was understood that these notes had been burnt or milled into new paper. It was asked for what reason this information was desired.

Capt. FARRIMOND replied that AMG was acting on behalf of the Banka d'Italia in this question and asked for confirmation that these were held so that they could be used to support any claims arising through reparations. Colonel BOARD had requested that a letter should be sent to AMG giving a specific answer to the question asked in his letter of 12 NOV on the subject, so that it could be passed to higher authorities for their information.

36. BRANCH CREDITS HELD AT THE CASA DI RISPARMIO POL..

Mr. BERLIC raised the question of credit balances held for branches of the Casa di Risparmio Pola in ISTRIA:

at PIRANO	-	21.447,607.92	
ISOLA	-	4.234,000	approx.
COPRA	-	11.231,000	"

2446

and asked if arrangements could be made to pay these amounts to the branches concerned as they represented the savings of many of the small holders.

Dr. KOBE considered that this would be possible under the arrangements for the deblocking of accounts between Zones A and B; if necessary under licence as already agreed in Minute 110 of the main Committee.

Declassified E.O. 12356 Section 3.3/NND No. 785015

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Dr. KOBE considered that this would be possible under the arrangements for the deblocking of accounts between Zones A and B; if necessary under licence as already agreed in Minute 110 of the main Committee.

Capt. FARRIMOND asked if a letter could be submitted to AMG giving all details so that the matter could be investigated.

Dr. KOBE asked if this could be expedited.

J.R. SNOWDEN,
Major, DAAG,
Secretary,
Joint Economic Committee.

JRS/LVH.

(7)

Declassified E.O. 12356 Section 3.3/NND No. 785015

Chief Commissioner
AFHQ Rome

DEC 17 RECD

Copy No. 18

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY.

8 December 1945

MINUTES

132. The ninth meeting of the Joint Economic Committee was held at 0900 hours, 8 December 1945, in the Main Conference Room at HQ AMG 13 Corps, TRIESTE.

PRESENT:

Chairman.

Brigadier W.H. RITCHIE, CBE,
DA & QMG 13 Corps.

Members

Colonel C.H. BARNETT,
DD.TN., TRIESTE.

Lt.Col. D.S. BICKERSTETH,
Economic Adviser,
AMG 13 Corps.

Major AYERS,
Q Mov., 13 Corps.

Major J.E. FODEN,
Industry & Utilities,
AMG 13 Corps.

Capt. H. FARRIMOND,
Finance, AMG 13 Corps.

Dr. B. KOBE,
Chief of Jugoslav Delegation.

Mr. J. PEROVIC,
Commerce, Jugoslavia.

Ing. M. DOLGAN,
Industry, Jugoslavia.

Ing. D. SIKOSEK,
Electricity, Jugoslavia.

Ing. M. KOVACIC,
Industry, Jugoslavia.

Mr. S. BERLIC,
Finance, Jugoslavia.

In Attendance

Major E.H. RICHARDSON,
Public Works, AMG 13 Corps.

Major REID-SCOTT,
G Ops, 13 Corps.

Mr. F. URSICIC,
Commercial Transport,
Jugoslavia.

Major GOLOB.

133. EIGHTH MEETING JOINT ECONOMIC COMMITTEE.

2445 The minutes of the eighth meeting held on 8 November 1945 were received.

134. TOURIST AGENCIES.

Dr. KOBE stated that the Jugoslavs were not satisfied with the [illegible] that a Tourist Agency could not be opened in Trieste to

Declassified E.O. 12356 Section 3.3/NND No. 785015

PRESENT:

Chairman.

Brigadier W.H. RITCHIE, CBE,
DA & QMG 13 Corps.

Members

Colonel C.H. BARNETT,
DD.TN., TRIESTE.

Lt.Col. D.S. BICKERSTETH,
Economic Adviser,
AMG 13 Corps.

Major AYERS,
Q Mov., 13 Corps.

Major J.E. FODEN,
Industry & Utilities,
AMG 13 Corps.

Capt. H. FARRIMOND,
Finance, AMG 13 Corps.

Dr. B. KOBE,
Chief of Jugoslav Delegation.

Mr. J. PEROVIC,
Commerce, Jugoslavia.

Ing. M. DOLGAN,
Industry, Jugoslavia.

Ing. D. SIKOSEK,
Electricity, Jugoslavia.

Ing. M. KOVACIC,
Industry, Jugoslavia.

Mr. S. BERLIC,
Finance, Jugoslavia.

In Attendance

Major E.H. RICHARDSON,
Public Works, AMG 13 Corps.

Major REID-SCOTT,
G Ops, 13 Corps.

Mr. F. URSICIC,
Commercial Transport,
Jugoslavia.

Major GOLOB.

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2445 The minutes of the eighth meeting held on 8 November 1945 were received.

134. TOURIST AGENCIES.

Dr. KOBE stated that the Jugoslavs were not satisfied with the reply from AFHQ that a Tourist Agency could not be opened in Trieste to represent Jugoslavia, and further did not consider that this reply was within the normal understanding of democratic principles.

The Chairman replied that if they were not satisfied with the answer the question should be referred through their Government channels.

135. TIMBER.

Attention of the Committee was drawn to the fact that the prices had now been agreed and the first deliveries made.

136. GORIZIA-AUZZA RAILWAY LINE.

It was announced that this line was now open as far as Canale d'Isonzo.

137. TRIESTE-POLA ROAD..../

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137. TRIESTE-POLA ROAD.

It was agreed that the situation regarding the repair of the TRIESTE-POLA road was at present satisfactory and arrangements had been made for the supply of bitumen.

138. CLOSING OF SLOVENE BANK AT GORIZIA.

Dr. KOBE stated that a letter had been sent to the Chief Finance Officer, AMG 13 Corps, concerning the closing of the Slovene Bank at Gorizia. The bank was now closed and it had been agreed to recognise the BANCA AGRICOLA as a suitable institution. Could a statement be sent to the Jugoslavs on the closing of the Slovene Bank. This was promised.

139. THE UNBLOCKING OF BANK ACCOUNTS IN ZONES "A" AND "B".

Dr. KOBE disclosed that accounts of persons in Zone "B" were still blocked in Zone "A" and that recently when attempts had been made to obtain a licence from the Banca d'Italia to pay an account for electricity, which was outstanding, to SELVEG, this was refused and the Jugoslavs had been informed that this was not permitted.

Capt. FARRIMOND replied that the banks had been instructed to apply for licenses to the Chief Finance Officer, AMG 13 Corps, as had been agreed at the last meeting, and that all persons resident in Zone "B" who had accounts in Zone "A" of 50,000 lire or less, were now permitted to draw without restrictions. Capt. FARRIMOND promised to investigate the reason for the failure of the banks to comply with the instructions, and to see that this was rectified.

140. MEETING OF OBLIGATION OF INSURANCE COMPANIES.

Capt. FARRIMOND referring to Minute 111 of the eighth meeting of the Joint Economic Committee of 9th November, stated that difficulty was being experienced in obtaining documents from a branch of the Previdenza Sociale at Capo d'Istria, concerning people in Pola, from the Jugoslav authorities. He felt that if this could be arranged the whole question could be settled satisfactorily.

It was agreed that this should be dealt with between Lt.Col. OSMAN and Mr. URSISIC.

141. REBUILDING OF DAMAGED HOUSES IN ZONE "A".

Dr. KOBE asked what progress was being made in the rebuilding of damaged or destroyed houses in villages such as Riefenberg. In reply it was stated that some difficulty was being experienced in obtaining [illegible] materials such as timber, but that the scheme was going ahead.

142. SLOVENE AUTHORSHIP ROYALTIES.

Dr. KOBE stated that the reply to this question was not very satisfactory but had been duly noted.

2444 143. HARD COAL IN LOCOMOTIVES IN ZONE "B".

Dr. KOBE asked if there had been any change in the Anglo-American policy on the supply of hard coal for locomotives in Zone "B"

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Dr. KOBE asked if there had been any change in the Anglo-American policy on the supply of hard coal for locomotives in Zone "B".

The Chairman replied that there was no change.

144. SHIP "SAN MARCO".

Lt.Col. BICKERSTETH asked if there was any reply to the question of the salvage of the ship "SAN MARCO".

Dr. KOBE said that it now remained for the owners of the vessel to contact Major GOLOB at the Jugoslav Military Government HQ so that arrangements could be made, it being the responsibility of the Jugoslav Military Government as the ship was lying in Zone "B".

145. CANCELLATION OF MILITARY TRAIN TRIESTE-POLA..../

(b)

Declassified E.O. 12356 Section 3.3/NND No. 785015

145. CANCELLATION OF MILITARY TRAIN TRIESTE-POLA.

Col. BARNETT drew the attention of the Jugoslav Delegation to the fact that no reply had yet been received by the Joint Operating Committee on the re-opening of the military train service from TRIESTE to POLA.

Dr. KOBE replied that the facts remained unchanged.

146. EIGHTH MEETING FUEL & POWER AND INDUSTRY & COMMERCE SUB-COMMITTEES.

The minutes of the eighth meeting of the Fuel & Power and Industry & Commerce Sub-Committees were received.

147. THE QUESTION OF THE USE OF PIG IRON FROM ILVA.

Dr. KOBE stated that as this material was claimed as war booty, it was felt that it was outside the scope of this Committee and that a plan for handling these materials should be submitted to the War Booty Committee as a proposal. It was promised that a scheme would be submitted between meetings containing the Jugoslav views. In the meantime it was proposed in principle that 1/3 of the stocks at ILVA should remain in Trieste to ensure the work of the factory and a living for the labourers, 1/3 should be sent to Jugoslavia and 1/3 to Italy.

The Chairman replied that it was by no means certain that these stocks of material were in fact war booty and that, in consequence, no discussion on the disposal of the stocks concerned could be connected with the War Booty Committee. The Anglo-American Governments held a trust for this area on behalf of Jugoslavia and Italy and therefore economic considerations must be placed first with a view to the re-building of Europe; in consequence the settlement was in reality a financial question.

Dr. KOBE agreed that the economic problems should be settled and that the final question was financial. It was therefore agreed that the Jugoslav proposal should contain a financial plan to cover this situation and should be submitted to the Economic Section, AMG 13 Corps, between meetings.

148. COTTON MILL AT GORIZIA.

It was suggested that a conference should be held between the Jugoslavs, AMG and the management of the Gorizia cotton mill to finally settle the quantities that could be handled and to arrange the contract.

Dr. KOBE asked if Lt.Col. BICKERSTETH could assist in making arrangements for the cotton mill at Udine to do some work for the Jugoslavs.

Lt.Col. BICKERSTETH replied that he would assist in these arrangements.

149. ELECTRICITY.

Ing. SIKOSEK stated that the Jugoslav authorities were concerned that the frequency and voltage of the power supplied to Zone "B" might not be maintained. Further could steps be taken to prevent power being cut off from the Arsa mines which had in fact happened on one occasion recently.

2443

Major FODEN replied that GHQ were dealing entirely with the electricity problem and that although Venezia Giulia was being considered more sympathetically than the rest of Italy, there was no possibility of making any guarantee that the area of Venezia Giulia had power for 24 hours

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Major FODEN replied that GHQ were dealing entirely with the electricity problem and that although Venezia Giulia was being considered more sympathetically than the rest of Italy, there was no possibility of making any guarantee. At the moment Venezia Giulia had power for 24 hours each day. It was not possible to guarantee that Arsa would not be cut off, there was a local emergency supply designed to cover such contingencies which it was understood was being reinstated.

150. THIRD MEETING FINANCE SUB-COMMITTEE.

The minutes of the third meeting of the Finance Sub-Committee were received.

151. FINANCE .../

(6)

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151. FINANCE.

Dr. KOBE stated that the Jugoslavs were not satisfied with the proposed draft of the Agreement for the exchange clearing accounts between Zone "A" and Zone "B" Venezia Giulia.

It was therefore decided that a letter should be sent to the Chief Finance Officer, AMG 13 Corps by the Jugoslavs on the points involved and that a Finance Sub-Committee meeting should be held between meetings to go into the question in detail.

152. FIRM CORADO OF CAPO D'ISTRIA.

Dr. KOBE stated that this concern sent its distillation plant to the Province of Bologna during the war. It had now been returned as far as Castions di Strada, Udine Province, and the firm had approached the Jugoslav authorities to obtain permission from AMG for its return to them.

Lt.Col. BICKERSTETH replied that he could foresee no difficulties if the details were sent to AMG and the concern used their own transport.

153. GORIZIA-POSTUMIA BUS SERVICE.

The bus service organised through the firm of Ribi had been approved by the Jugoslav authorities but they were unable to produce the twelve tires as had been agreed previously.

154. THE REMOVAL OF MACHINERY FROM THE FIRM OF OMAN.

Dr. KOBE stated that it was understood that the firm of OMAN was intending to remove machinery from their factory to Italy, this could not be permitted under Appendix I to the Trieste Agreement.

Lt.Col. BICKERSTETH replied that he would deal with this matter.

155. SEARCHING OF CIVILIANS ON POLA-TRIESTE BUSES.

Attention was drawn to the fact that civilian passengers were being searched at unauthorised points in Zone "B" on the Pola-Trieste bus service.

The Jugoslavs had been informed of this and steps were being taken to stop this practice.

156. AQUEDUCT AT VIPACCO.

Lt.Col. BICKERSTETH stated that he had received information from Gorizia that an aqueduct controlled by the Consorzio Idrico della Valle di Vipacco with its source at Montegrino had ceased to operate since May. As this supply was considered necessary both for Zone "A" at Gorizia and Zone "B" at Boccavizza and San Pietro. Would the Jugoslavs arrange to examine this case; and any assistance that could be provided would be given by AMG.

Major GOLOB requested details.

2442

157. SHIPMENT OF BAUXITE FROM ZONE "B".

Lt.Col. BICKERSTETH asked the Jugoslav representatives if they could meet the management of Societa Anonima Mineraria Triestina, a Canadian controlled concern who had large quantities of Bauxite above ground at their mines in Zone "B" and had been unable to arrange transport and sale.

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He also drew attention to a similar situation regarding above-ground coal stocks at Arsa. He pointed out that in law above ground stocks of mined materials were considered the property of the Company concerned, and if this point was not settled complications might arise.

Dr. KOBE replied that it was not understood why the firms concerned did not visit the Jugoslav Military Government to discuss such matters and that the Jugoslavs had been unaware who were the legal owners of the Bauxite and coal.

158. DATE OF NEXT MEETING .../

(6)

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158. DATE OF NEXT MEETING.

It was agreed that the next meetings would be held as follows :-

Fuel & Power and Industry & Commerce Sub-Committees	-	0900 hrs., 15 JAN 46.
Finance Sub-Committee	-	0900 hrs., 16 JAN 46.
Joint Economic Committee	-	0930 hrs., 19 JAN 46.

J.R. SNOWDEN,
Major, DAQMG,
Secretary,
Joint Economic Committee.

JRS/LVW.

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12. Tn (Main), RCTS, CMF.
13. GOC., 13 Corps.
14/16. D. & .MG., 13 Corps.
17. .JG (Mov), 13 Corps.
18. Chief Commissioner, .LCOM.
19. .LCOM.
20/29. Economic Section, .LCOM.
30. Industry & Utilities Sub-Commission, .LCOM. (att: Chief, Electrical Div).
31. Industry & Utilities Sub-Commission, .LCOM. (att: Coal Division)
32. Industry & Utilities Sub-Commission, .LCOM.
33. Finance Sub-Commission, .LCOM.
34. American Embassy, .COM.
35. British Embassy, .COM.
36. SC.O, .HQ 13 Corps.
37/38. D/SC.O, .HQ 13 Corps.
39. Economic Adviser, .HQ 13 Corps.
40. Public Relations Officer, .HQ 13 Corps.
41. Legal, .HQ 13 Corps.
42. Finance, .HQ 13 Corps.
43/44. Supplies, .HQ 13 Corps.
45. Transportation, .HQ 13 Corps.
46. Labour, .HQ 13 Corps.
47. Public Works, .HQ 13 Corps.
48/67. Jugoslav Delegation.
68. Commerce, .HQ 13 Corps.
69. Col. C.I. BARRATT, DDMI, Navy Hse, TRIESTE.
70. Capt. F.RILEY, .HQ 13 Corps.
71/100. Spares.

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Chief Commissioner
AFCOM. Rome

DEC 17 REC'D

COPY NO. 18

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY.

7 December 1945.

JOINT ECONOMIC COMMITTEE - AGENDA.

The ninth meeting of the Joint Economic Committee (per agreement of 20 June 1945 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army, will be held at 0900 hours on SATURDAY, 8th December 1945, in the Main Conference Room, No.68, HQ. AMG. 13 Corps, TRIESTE, to consider the following Agenda :-

1. Minutes of the eighth meeting held on 9 November 1945.

2. To consider the minutes of the meetings of the following Sub-Committees :-

   a) Industry & Commerce and Fuel & Power Sub-Committees meeting of 4 December 1945. (Appendix A)

   b) Finance Sub-Committee meeting of 5 December 1945. (Appendix B)

3. Any other business.

4. To set a date for the next meeting.

J.R. SHOWDEN,
Major, DAGMG,
Secretary,
Joint Economic Committee.

JRS/LVW

Attachments:

2439 - Appendices "A" and "B".

5 Appx

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   b) Finance Sub-Committee meeting of 5 December 1945. (Appendix B)

3. Any other business.

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J.R. SNOWDEN,
Major, D.C.M.G,
Secretary,
Joint Economic Committee.

JRS/LVW

Attachments:

2439 - Appendices "A" and "B".

(5)

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APPENDIX "A". Copy No.....

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

4 December 1945.

MINUTES

INDUSTRY & COMMERCE SUB-COMMITTEE and the
FUEL & POWER SUB-COMMITTEE.

82. The eighth meeting of the Industry & Commerce Sub-Committee was held at 0900 hours on TUESDAY, 4 DECEMBER 1945, in the Economic Section Conference Room at HQ AMG XIII Corps, TRIESTE. The Fuel & Power Sub-Committee was incorporated for this meeting.

PRESENT:

Chairman

Lt.Col. D.S. BICKERSETH
AMG XIII Corps.

Members

Major J.E. FODEN, AMG XIII Corps.
ING. PEROVIC, J. Jugoslavia (Commerce)
ING. DOLGAN, M. Jugoslavia (Industry)
ING. KOVACIC, M. Jugoslavia (Industry)

In Attendance

ING. SIKOŠEK, D. Electrical Expert, Jugoslavia.
Major GOLOB, R. Transportation Expert, Jugoslavia.

83. STOCKS AT ILVA.

Lt.Col. BICKERSETH made the following statement :-

" 1. Before we commence this meeting today I have a statement to make with regard to the stocks at ILVA. On 17 November a letter was sent by AMG to the War Booty Committee, reading as follows :-

"The Yugoslavs have claimed the stocks at ILVA as War Booty and have requested us to prevent removal of these.

As these stocks are a matter subject to dispute on a legal basis, we propose to remove the restrictions which have temporarily been placed on them and permit their export to other branches of the concern in Italy.

For your information : at a meeting of the Joint Economic Committee, on the 6th September 1945, the Chairman stated that he was prepared to recommend that for pig iron sent into Italy from the ILVA factory, an equivalent amount of steel would be returned to this territory for equal distribution between the zones occupied by the Jugoslav and Anglo-American forces respect-

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ING. DOLGAN, M. Jugoslavia (Industry)
ING. KOVACIC, M. Jugoslavia (Industry)

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ING. SIKOSEK, D. Electrical Expert, Jugoslavia.
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For your information : at a meeting of the Joint Economic Committee, on the 6th September 1945, the Chairman stated that he was prepared to recommend that for pig iron sent into Italy from the ILVA factory, an equivalent amount of steel would be returned to this territory for equal distribution between the zones occupied by the Jugoslav and Anglo-American forces respectively.

It is submitted therefore that economic advantage will be gained both by the Jugoslav and Anglo-American authorities by the granting of this release since otherwise the pig iron must remain blocked and unused for an indefinite period.

Full record will be kept of the quantities so exported for examination at a later date".

2. This was submitted in turn by the Secretariat, War Booty Committee, to the Jugoslav Delegation, and reply was received as follows:-

The Jugoslav War Booty Committee...../

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"The Jugoslav War Booty Committee is still claiming the stocks at ILVA as war booty and requesting you to prevent removal of these.

As these stocks are a matter subject to dispute on a legal basis, we still insist on the restrictions which are being placed on them.

Being a special Commission dealing with war booty, we cannot be prejudiced in our work by viewpoints of the Joint Economic Committee in this respect.

Therefore we still insist upon blocking of the pig iron in question".

3. The reply of the Jugoslav Delegation is unsatisfactory. The pig iron in question is urgently required for the rehabilitation of Europe and it is submitted that no considerations should be allowed to interfere with the repair of war damage in Europe. Refusal to permit this pig iron to go to Italy to be used in the production of steel will involve sea-borne imports to Italy sponsored by the Allies. This will involve the use of shipping space which the release of the ILVA stocks at Trieste would avoid, and also place a burden on the British and American Governments which is unjustified.

4. We would ask you, therefore, to re-examine the situation in the light of what has been said above as we must now lift these restrictions in any case and would much prefer to do so with your concurrence. We fully appreciate that you will agree to the lifting of this block at some inconvenience to yourselves. May we, however, at the same time, remind you of the very great sacrifices which have been made by the American and British peoples at home who have endured a further cut in rations to the lowest scales ever in order to fulfil their obligations to assist to the maximum possible in the relief of Europe.

5. I appreciate you will wish to have some time to discuss this matter and therefore ask you to let me have your reply at the general meeting on Saturday".

84. <u>CLIVE OIL IN EXCHANGE FOR FISHING TACKLE.</u>

Lt.Col. BICKEROTETH drew the attention of the Committee to 1-ton of Clive Oil which had come from Zara by ship to be exchanged for fishing tackle. This oil had been impounded, trading of this type not being permitted. It was further pointed out that fishing tackle was in short supply in this zone and could not be traded; in any case, UNRRA supplies to Jugoslavia contained fishing tackle.

Major GOLOB stated that this was black market from the Jugoslav view-point, olive oil being rationed in zone "B". He requested that the name and number of the ship concerned and full details should be provided so that they might take action on the matter.

He further suggested that economic control as well as police methods were necessary to prevent black market transactions.

85. <u>TRADING BETWEEN ZONES.</u>

The Jugoslav Delegation asked if as in the example of the fishing tackle all commodities imported into zone "A" were only for zone "A", trade would be impossible between the two zones.

In reply it was stated that fishing tackle for Jugoslavia

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In reply it was stated that fishing tackle for Jugoslavia was provided by UNRRA and therefore no part of the limited supplies could be spared from zone "A". The Northern Italy Industrial Council releases items for use in zone "A" only and these are not available for re-export. Only surpluses from zone "A" and what is produced for export from zone "A" and articles that are surplus from Italy can be exported to Jugoslavia in trade. Articles such as food are not surplus, are strictly controlled and are not available for export.

It was further demonstrated that Trieste's principal function was to provide services and port facilities. It also had engineering works capable of producing bridges and small ships etc. Zone "A" was not a producer of raw materials.

In reply ..../

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In reply Major GOLOB stated that he would be interested to receive a list of articles and services produced by zone "A" and suitable for export, but that the Jugoslavs were not really interested in services but required materials; for example, electrical equipment and machinery. In reply it was suggested that enquiries should be made through AMG for materials that were required, this probably being the simplest method of negotiating for materials both from zone "A" and from Italy.

86. DELAY IN THE ISSUE OF LICENSES.

Major GOLOB complained of the delay in the issue of licenses for the purchases of materials in zone "A" and Italy.

Lt.Col. BICKERSTETH replied that if there are any cases of obstruction he should be informed at once so that the procedure could be speeded up.

87. MILLING AT POLA.

So far milling of grain had not commenced, supplies not having arrived through UNRRA.

The Jugoslavs promised to inform Lt.Col. BICKERSTETH when they were ready to commence.

88. TUG BOAT "NETTUNO".

The question of the salvage of the tug "Nettuno" now stranded on the Island of Lussino was raised. The Linee Triestine per l'Oriente had requested that permission should be granted to the Piccini shipbuilding yards at Lussinpiccolo to start salvage work so that the tug could be towed to Trieste for repairs. The tug now lies in Jugoslav waters.

It was requested that a copy of the letter should be sent to the Jugoslav authorities for their inspection and decision.

89. GORIZIA COTTON MILL.

It was necessary for AMG to have the Jugoslav programme of production as they controlled the cotton imports and it would be necessary to fit in the Jugoslav plans.

The Jugoslavs stated that it might be necessary for AMG to assist them in obtaining the necessary permission from UNRRA. Further it was not considered that the Gorizia mill could deal with all the work which was likely to be available and would it therefore be possible to use the cotton mill in Udine.

Lt.Col. BICKERSTETH replied that AMG would be able to give the necessary assistance in obtaining UNRRA's permission for the processing of cotton at Gorizia and he saw no objection in using the mill at Udine except the question of fuel supply and arrangements would have to be made with the Committees in Italy.

The Jugoslavs promised to supply the necessary fuel if arrangements could be made and would give the necessary information on the quantity of work likely to overflow from the Gorizia mill.

90. VASELINE.

2436 - Lt.Col. BICKERSTETH stated that the whole question of this

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90. VASELINE.

2436 - Lt.Col. BICKERSTETH stated that the whole question of this transaction had been extremely complicated, but that one consignment had been released and investigations on the matter were continuing.

91. EXPLOSIVE.

The bill had been sent to Lubiana and a reply was awaited on the agreement on price.

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92. ELECTRICITY.

Major FODEN stated that Ing. SIKOSEK was fully informed concerning the situation caused by the drying up of the rivers in Italy and the necessity for the cutting of consumption of electric power.

It was necessary that the plan for conservation of the use of energy should be the same in Venezia Giulia as in the rest of Italy and the Chief Engineer, 13 Corps, had been instructed to work out a rationing scheme similar to that in West Italy.

Owing to the peculiar position at Venezia Giulia it had been requested that particular attention should be paid to the needs of zone "B". Owing to the fact that the power feeder cuts in areas supplied by the Adriatica Electric Company, which included Venezia Giulia, were controlled from Italy so that cuts in power for corresponding periods of morning and afternoon on the west and east coasts should be the same, the position might be affected in zones "A" and "B".

It was hoped that arrangements might be made to keep the power on all the time so that it would be possible to organise the cuts in this zone as required to suit the situation. The scheme should be completed this week.

Ing. SIKOSEK stated that he hoped that their cut of 70,000 KWH and a cut of 30% in the whole territory would be sufficient without cutting the power for any part of the 24 hours.

Major FODEN replied that it was our intention to avoid complete suspension of the supply of power from Venezia Giulia for definite periods during the 24 hours and the rationing scheme being prepared would have this as its object.

It was agreed that any technical points should be discussed by Ing. SIKOSEK and Major FODEN.

J.R. SNOWDEN,
Major, D.A.Q.M.G.,
Secretary,
Joint Economic Committee.

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APPENDIX "B" Copy No . . . . .

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE

JOINT ECONOMIC COMMITTEE
FINANCE SUB-COMMITTEE - MINUTES

26. The third meeting of the Finance Sub-Committee was held at 0900 hrs 5th December 1945, in Hq., AMG, XIII Corps.

PRESENT:

Chairman

Capt. H. FAIRMOND
C.F.O., AMG 13 Corps.

Members

Ing. KOVACIC, M - Jugoslavia
Mr. BERLIC, S. - Jugoslavia

In Attendance

Dr KOBE, B - Jugoslavia
Mr DOLINSEK, L. - Jugoslavia
Dr Ing. KOVACIC, S. - Jugoslavia

27. The Draft of an Agreement for the Exchange Clearing Accounts between Zone A and Zone B of VENEZIA GIULIA was discussed and the following Draft was approved as a basis to work upon:

Draft of Agreement for the Exchange Clearing
Accounts between Zone A and Zone B Venezia Giulia.

1. The agreement is to facilitate settlement of payments between Zone A (that part of Venezia Giulia administered by the Allied Military Government) and Zone B (that part of Venezia Giulia administered by the Jugoslav Military Govt.) hereinafter referred to as AMG and JMG respectively.

2. All payments of whatever nature, arising as a result of obligations of parties in Zone A to parties in Zone B and obligations of parties in Zone B to parties in Zone A, will be discharged only by an exchange clearing account to be controlled by agencies representing the respective Military Governments.

2434

3. The agencies to record the transactions on the exchange clearing accounts will be :-

Zone A. —— Exchange Equalisation Section, AMG Finance Div.

Zone B. —— Centroprom, for JMG Finance Div.

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Capt. H. FARRIMOND
C.F.O., AMG 13 Corps.

Members

Ing. KOVACIC, M - Jugoslavia
Mr. BERLIC, S. - Jugoslavia

In Attendance

Dr KOBE, B - Jugoslavia
Mr DOLINSEK, L. - Jugoslavia
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2434

3. The agencies to record the transactions on the exchange clearing accounts will be :-

Zone A. --- Exchange Equalisation Section, AMG Finance Div.

Zone B. --- Centroprom, for JMG Finance Div.

for and on behalf of the respective Governments.

4. These agencies will open and maintain accounts at an agreed Bank in their respective Zones.

Exchange Equalisation Section, AMG Finance Div. will open an account at the Cassa di Risparmio Triestino, Trieste and Centroprom will open an account at the Gospodarska Banka, Fiume. These accounts will be free of interest and charges.

5. All transactions will take place in Lire and all records will be kept

/..... in lire. Where currency

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27. Cont.

in lire. Where currency is involved, all entries will be detailed as to type of currency.

All cheques, bankers drafts and bills of exchange and other negotiable instruments deposited in Zone B, will be subject to the existing rules of negotiability as laid down by Allied Military Government, 13 Corps

6. As a guarantee of all payments and as cover for the balances outstanding in the respective Zones, the basic medium of all settlements will be Italian Metropolitan Lire. An agreed amount of this currency will be held in each Zone at all times and will be used in event of liquidation of balances when this agreement is terminated.

7. All transactions will be recorded accurately in the accounts of Centreprom and Exchange Equalisation Section, AMG, at the Gospodarska Banka, Fiume and Cassa di Risparmio Triestino, Trieste respectively. Centreprom and Exchange Equalisation Section, AMG will maintain accurate records of all transactions and these records will be identical to the entries in the accounts at the respective Banks.

8. Centreprom and Gospodarska Banka, Fiume will notify each other daily of all transactions and orders for payments will also be advised daily.

Likewise Exchange Equalisation Section, AMG and Cassa di Risparmio Triestino, Trieste will notify each other in the same manner.

9. NO payments will be made in Zone A without approval of the Chief Finance Officer, AMG 13 Corps and in the case of commerical transactions prior approval of the Chief Commerce Officer, AMG 13 Corps must be obtained. In the same manner NO payments will be made in Zone B without approval of the JMG Finance representatives.

In this respect Centreprom will submit requests for payments in Zone A through Exchange Equalisation Section, AMG for approval by the Chief Finance Officer, AMG 13 Corps. Exchange Equalisation Section, AMG will submit requests for payments in Zone B, through Centreprom for approval of by JMG Finance.

10. Payments or transactions hereinbefore mentioned are intended to cover :-

a. settlement of obligations resulting from ALL trade between the Zones A and B.
b. passenger traffic by road, rail or other means involving payment.
c. settlement of obligations arising out of supply of public services - electricity, telephone etc. - either Zone A to Zone B or viceversa.
d. clearing of amounts of salaries, pensions, wages of workers in Zone B with residence and families in Zone A

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7. All transactions will be recorded accurately in the accounts of Centreprom and Exchange Equalisation Section, AMG, at the Gospodarska Banka, Fiume and Cassa di Risparmio Triestino, Trieste respectively. Centreprom and Exchange Equalisation Section, AMG will maintain accurate records of all transactions and these records will be identical to the entries in the accounts at the respective Banks.

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Likewise Exchange Equalisation Section, AMG and Cassa di Risparmio Triestino, Trieste will notify each other in the same manner.

9. NO payments will be made in Zone A without approval of the Chief Finance Officer, AMG 13 Corps and in the case of commercial transactions prior approval of the Chief Commerce Officer, AMG 13 Corps must be obtained. In the same manner NO payments will be made in Zone B without approval of the JMG Finance representatives.

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10. Payments or transactions hereinbefore mentioned are intended to cover :-

a. settlement of obligations resulting from ALL trade between the Zones A and B.
b. passenger traffic by road, rail or other means involving payment.
c. settlement of obligations arising out of supply of public services - electricity, telephone etc. - either Zone A to Zone B or viceversa.
d. clearing of amounts of salaries, pensions, wages of workers in Zone B with residence and families in Zone A and viceversa.
e. settlements of outstanding debts, but NOT including debts incurred prior to a date to be agreed upon by the two military Governments in Zones A and B.

11. All orders for payment will be numbered consecutively and discharged in that order, on the basis of the balances available at the time of payment.

Each Military Government will have the right to intervene and give priority payment, where delayed payment under paragraph 10. b.c.d. may result in hardship to the beneficiaries.

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12. Debtors will be held liable for the whole amount of their obligations until such time that their creditors in the other Zone acknowledge receipt of the full settlement of the debt outstanding.

13. Exchange Equalisation Section AMG and Centreprom acting as intermediaries of the Allied Military Government 13 Corps and Jugoslav Military Government respectively may claim access to each others records relating to exchange clearing at any time, on giving notice to that effect and with approval of the respective Military Governments.

14. The agreement may be suspended or terminated by either side upon giving seven days notice in writing to the other side.

15. The agreement will be in force on the date of issue thereof.

28. ANGLO-AMERICAN AGENCY IN ZONE B.

The Jugoslav Delegation were asked, if an application to open an agency in Zone B similar to Centreprom, by the Anglo-American side, would be considered by them. This was unlikely to be requested at the moment, unless the work considerably increased; but a matter of principle was involved should it become necessary to do so.

The Jugoslav Delegation agreed that if the opening of an agency became necessary they would be prepared to discuss it later when the contingency arose.

J. R. SNOWDEN.
Major, DAQMG.
Secretary
Joint Economic Committee.

JRS/HLC

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Major, RAOMC.
Secretary
Joint Economic Committee.

JRS/HLC

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Chief Commissioner
AMCOM.

DEC 3 NAra.
NGL-S-1550

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JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY.

9 November 1945

M I N U T E S

99. The eighth meeting of the Joint Economic Committee was held at 0900 hours, 9th November 1945, in the Main Conference Room, at HQ., AMG., XIII Corps, TRIESTE.

PRESENT:

Chairman.

Brigadier W.H. RITCHIE, CBE
DA & QMG 13 Corps.

Members

Colonel C.H. BARRETT
DDTN., TRIESTE

Lt.Col. H.D. PHILLIPS, MBE
AQMG (M)., 13 Corps

Lt.Col. D.S. BICKERSTETH
Economic Adviser., AMG 13 Corps

Lt.Col. N.T. BEARD
CFO., AMG 13 Corps

Major J.E. FODEN
Public Works., AMG 13 Corps

Dr B KORE
Chief of Jugoslav Delegation

Mr J. PEROVIC
Commerce, Jugoslavia

Ing. M. DOLGAN
Industry, Jugoslavia

Mr F. URSICIC
Commercial Transport, Jugoslavia

Ing. M. KOVACIC
Industry, Jugoslavia

Mr S. BERLIC
Finance, Jugoslavia

Major GOLOB

In Attendance.

Ing. D. SIKOSEK,
Electricity, Jugoslavia.

100. MINUTES OF SEVENTH MEETING.

The minutes of the seventh meeting held on 12th October 1945 were received.

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XIII Corps, TRIESTE.

PRESENT:

Chairman.

Brigadier W.H. MITCHELL, CBE
DA & QMG 13 Corps.

Members

Colonel C.H. BARRETT
DDTN., TRIESTE

Lt.Col. H.D. PHILLIP, MBE
AQMG (M)., 13 Corps

Lt.Col. D.S. BICKERSTETH
Economic Adviser., AMG 13 Corps

Lt.Col. N.T. BEARD
CFO., AMG 13 Corps

Major J.E. FODEN
Public Works., AMG 13 Corps

Dr B KOBE
Chief of Jugoslav Delegation

Mr J. PEROVIC
Commerce, Jugoslavia

Ing. M. DOLGAN
Industry, Jugoslavia

Mr F. URSICIC
Commercial Transport, Jugoslavia

Ing. M. KOVACIC
Industry, Jugoslavia

Mr S. BERLIC
Finance, Jugoslavia

Major GOLOB

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/. . . . . 101 TOURISTS AGENCIES

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101. TOURIST AGENCIES.

The Chairman stated that this matter had been referred to AFHQ on his visit there and that they also had his letter on the matter. It was hoped it would be possible to give a reply in due course.

Dr KOBE asked if this could be given before the next meeting.

102. COTTON.

Dr KOBE stated that the Allied offer to spin cotton at the GORIZIA mill had been accepted and that arrangements had already been made through CENTROCOM for work to commence as soon as possible.

It was pointed out by Lt.Col. BICKERSTETH that as the mill was now receiving cotton from Anglo-American sources, it would only be possible to let a part of the mills' capacity be used for Jugoslav production. It was agreed that it would be necessary for the contract to be examined by AMG as they were financing the mill and arrangements for payment would have to be made, before the contract could be agreed.

103. TIMBER.

Dr KOBE stated that he was astonished at the timber problem and that JUGOSLAVIA was quite prepared to export timber, but that the price of 160 lire per quintal, which had been offered was too low; the cost of timber in JUGOSLAVIA being 400 lire a quintal less taxes, and 380 lire ex dumps less transportation costs. Attempts were being made in Zone B to fix maximum prices, but the price of wood had not yet been fixed.

Lt.Col. BICKERSTETH said that the price was considered too high taking into consideration that timber was only 160 lire a quintal in UDINE Province.

Dr KOBE pointed out that it was a price fixed by the Allies and would not conform with prices in Zone B in consequence.

The Chairman considered that the matter should be negotiated as soon as possible by the Industry and Commerce Sub-Committee.

It was agreed that Lt.Col. BICKERSTETH and Major COLOB should settle the matter.

104. NOTIFICATION OF ISSUE OF NEW CURRENCY IN ZONE B.

Lt.Col. BEARD drew attention to an omission in the last minutes of the Joint Economic Committee. He said that the Jugoslav delegates had stated that they did not contemplate putting new currency into circulation in Zone B, and undertook to inform him in advance before the issue of currency was made.

Dr KOBE replied that this statement was not quite correct and that he had stated they were not certain that new currency would be issued in Zone B, but that at a meeting of the Finance Sub-Committee they had agreed to inform the Finance Division if the money was being altered in Zone B.

Lt.Col. BEARD stated that Dr KOBE came to his office to apologise for not informing him in accordance with his previous undertaking.

Dr KOBE replied that this was done in their letter of 16 October in which it was stated new currency was being issued in Zone B, and it was

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CENTRADRON for work to commence as soon as possible.

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Lt.Col. BEARD stated that Dr KOBE came to his office to apologise for not informing him in accordance with his previous undertaking.

2439 Dr KOBE replied that this was done in their letter of 16 October - in which it was stated new currency was being issued in Zone B, and it was a disagreeable fact that the postal service was so bad, that the letter did not arrive in time.

/ ..... The Chairman stated that

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104. Cont.

The Chairman stated that it was agreed that the Anglo-American side should be informed, but that this had not been carried out.

Dr KOBE requested that it should be entered in the minutes that the Jugoslav delegation had not considered it necessary to raise the question of Allied Military Lire which had now been in use in Zone A for 5 months.

105. RAILWAYS.

Colonel BARRETT announced that the railway bridge at Km point 68.161 quoted in minute 92 of the last meeting, would not be completed until December.

106. BUS SHUTTLE SERVICE.

It was announced that repairs were to be made to a minor road at Canale d'Isonzo so that a shuttle service could be run to connect the two ends of the railway line. This road was at the moment reported unfit for bus traffic.

107. TRIESTE - POLA ROAD.

Dr KOBE announced that all preparations for the repair of the road from TRIESTE to POLA were now made and that work had already commenced. The Chief of Works had visited XIII Corps Headquarters on 9th November 45 to ask for bitumen.

108. MINUTES OF SECOND MEETING OF FINANCE SUB-COMMITTEE.

The minutes of the second meeting of the Finance Sub-Committee were received.

109. CLOSING OF THE SLOVENE NATIONAL BANK IN TRIESTE.

Dr KOBE stated he wished to raise a protest against the closing of the Slovene National Bank in TRIESTE, because it had been previously agreed that the status quo should be maintained until a settlement had been reached on the financial question, and an agreement on the opening of a bank decided.

Lt.Col. BEARD replied that it was agreed that AFHQ were to be consulted on the matter and that until a decision was reached the bank could remain open. The bank had in fact remained open for 3 months while a proper application was awaited from the Jugoslav authorities, but the Jugoslavs finally decided that as it was a State Bank, they could therefore not agree with the terms laid down. He then re-submitted the case stating that the Jugoslavs had stated that the bank was a State Bank. It was then decided that as a State Bank it must close down. The SCAO instructed the bank to be closed.

The Chairman pointed out that AFHQ would not permit a State Bank but would consider the opening of a private bank provided it conformed with the terms laid down.

Dr KOBE protested that their application of 7 August should have been taken into consideration, and that the Bank should not have been closed by one-sided action without reference to the Main Committee.

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/..... Furthermore the bank in

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109. Cont.

Furthermore the bank in question was not a State Bank; it was not responsible for the issue of currency this being done only from BELGRADE, and it was only of a public legal character.

The Chairman then replied that if they desired to open a private bank they must make an application in the normal way. This they had failed to do for 3 months, and then had finally declared it was a State Bank.

Dr KOEE referred to the last paragraph of minute 15 of the Sub-Committee minutes, and stated he considered this request in the nature of an ultimatum.

Lt.Col. BEARD replied that it could in no way be construed as an ultimatum, and that this information had been promised a week previously by the manager of the bank, and that he required the information so that the matter would be ready for discussion at this meeting.

Dr KOEE asked if it was such an important question that it should be treated at this conference.

Lt.Col. BEARD stated that he has complete authority over all banks in Zone A: he had done the Jugoslav Authorities the courtesy of not interfering with their bank, although he could have asked for many details, and for information on accounts with whom they did business. He had in fact only asked that the bank should be closed and the money returned to the depositors. The director had promised to furnish this information a week ago, but if it was preferable to the Jugoslavs the Colonel would examine the books, and obtain the necessary information.

Dr KOEE stated he could not understand why the Jugoslav Delegation should be asked for this declaration, but that they were quite prepared to overlook these methods and would like to remove the books to Zone B.

Lt.Col. BEARD replied that it was necessary that some responsible person gave the answer to the questions, but, in these circumstances, would they produce the books so that they might be examined.

The Chairman suggested that the entire matter should be referred to the Sub-Committee and that Lt.Col. BEARD would represent A.C from the Anglo-American side.

Dr KOEE accepted the view of the Anglo-American side on the opening of a private bank and an application would be submitted. He desired that it should be recorded that the Anglo-American side would accept the application, in the terms laid down, for the opening of a private bank and wished it to be known that there were Slovenian and Croatian Banks in this area before the Fascists came.

L.Col. BEARD replied that an application would be considered if it complied with the terms laid down.

110. <u>THE UNBLOCKING OF BANK ACCOUNTS IN ZONE A AND ZONE B.</u>

There was considerable discussion over the unblocking of accounts in Zone A and it was finally agreed that:

a) The Jugoslav delegates did not desire the transfer of currency from Zone A to Zone B.

b) Lt.Col. BEARD would authorise persons in Zone B who had accounts in Zone A to draw against these accounts on a license from him.

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Lt.Col. BEARD replied that it could in no way be construed as an ultimatum, and that this information had been promised a week previously by the manager of the bank, and that he required the information so that the matter would be ready for discussion at this meeting.

Dr KOBE asked if it was such an important question that it should be treated at this conference.

Lt.Col. BEARD stated that he has complete authority over all banks in Zone A: he had done the Jugoslav Authorities the courtesy of not interfering with their bank, although he could have asked for many details, and for information on accounts with whom they did business. He had in fact only asked that the bank should be closed and the money returned to the depositors. The director had promised to furnish this information a week ago, but if it was preferable to the Jugoslavs the Colonel would examine the books, and obtain the necessary information.

Dr KOBE stated he could not understand why the Jugoslav Delegation should be asked for this declaration, but that they were quite prepared to overlook these methods and would like to remove the books to Zone B.

Lt.Col. BEARD replied that it was necessary that some responsible person gave the answer to the questions, but, in these circumstances, would they produce the books so that they might be examined.

The Chairman suggested that the entire matter should be referred to the Sub-Committee and that Lt.Col. BEARD would represent AMG from the Anglo-American side.

Dr KOBE accepted the view of the Anglo-American side on the opening of a private bank and an application would be submitted. He desired that it should be recorded that the Anglo-American side would accept the application, in the terms laid down, for the opening of a private bank and wished it to be known that there were Slovenian and Croatian Banks in this area before the Fascists came.

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b) Lt.Col. BEARD would authorise persons in Zone B who had accounts in Zone A to draw against these accounts on a license from him.

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c) The Jugoslavs would permit persons in Zone A with accounts in Zone B the same privileges.

/.....Owing to the shortage

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110. Cont.

Owing to the shortage of materials, Commerce could not be entirely free, and a scheme had been sent to the Jugoslav Government in BELGRADE three months ago to cover this situation, no reply to which had yet been received. It was agreed as far as it was possible that as much freedom as could be allowed would be granted to trade and the use of funds for private matters by the holders of accounts in Zone A must be considered.

Major GOLOB requested that a copy of the formalities to be observed should be attached to the minutes, and Lt.Col. BEARD promised that he would make arrangements so that the terms of license would be ready for the 15th November 45.

111. MEETING OF OBLIGATIONS OF INSURANCE COMPANIES.

Dr KOBE stated that Insurance Companies in Zone B were meeting all obligations; could arrangements be made that Insurance Companies in Zone A did the same.

Lt.Col. BEARD stated that he was not aware of this situation and would investigate the matter.

112. THE OPENING OF AN OFFICE FOR WAR DAMAGE CLAIMS OF JUGOSLAV AND SLOVENIAN CITIZENS.

Dr KOBE stated that the Jugoslav Delegation were not satisfied with the answer that a Jugoslav office should not be opened to deal with the war damage claims of Jugoslav and Slovenian citizens in Zone A, as it was considered that citizens that had been interned and suffered moral damage form the war should be able to claim compensation.

In reply it was stated that MG was the government of Zone A and all applications for assistance, or complaints of unfair discrimination, should be passed to them by the individuals concerned. The entire matter was outside the scope of the Joint Economic Committee, and any suggestions should be passed to the head of the Military Government.

113. SLOVENE AUTHORSHIP ROYALTIES.

Dr KOBE asked if Lt.Col. BEARD could forward him, details on the payment of Authorship Royalties in Zone A, by letter.

Lt.Col. BEARD promised to do this.

114. EVASION OF TAXATION - MONOPOLY GOODS.

Dr KOBE agreed that the black market should be repressed and was grateful for the example which had been given him through the Sub-Committee and action on the matter had been taken.

115. METHOD OF PAYMENT BY JUGOSLAVS FOR LARGE ORDERS PLACED IN ZONE A.

Dr KOBE stated that the question of method of payment, for the large orders at present being executed in Zone A for the Jugoslavs, had been referred to the officials responsible.

Lt.Col. BEARD pointed out that the matter was extremely important and

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Declassified E.O. 12356 Section 3.3/NND No. 785015

November 45.

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/..... The Chairman stated that

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115. Cont.

The Chairman stated that if the matter had not been completed satisfactorily, it should be reviewed before the next meeting of the Committee.

116. REPORT FROM "LA VOCE LIBERA" ON THE EXCHANGE OF CURRENCY.

Dr KOBE stressed that the Jugoslav Delegation did not wish reports from the Press which were against JUGOSLAVIA to be referred to at meetings.

117. MINUTES OF SEVENTH MEETING OF FUEL AND POWER SUB-COMMITTEE.

The minutes of the seventh meeting of the Fuel and Power Sub-Committee were received.

118. REPLY TO THE QUESTION ON LIME SWEEPING.

Dr KOBE stated that there was no comment to be made on the reply from AFHQ, but that they were ready with the quantity of coal as promised.

119. EXPLOSIVE.

All that now remained for settlement was the price for which the Jugoslav Authorities were waiting.

120. MINUTES OF SEVENTH MEETING OF INDUSTRY & COMMERCE SUB-COMMITTEE.

The minutes of the seventh meeting of the Industry and Commerce Sub-Committee were received.

121. USE OF FLOUR MILLS AT POLA.

It was agreed that the details should be settled at a conference between Major GOLOB and Lt.Col. BICKERSTETH to take place at POLA with the persons concerned.

122. THE PURCHASE OF VASELINE AND OTHER MATERIALS IN ZONE A.

Lt.Col. BICKERSTETH stated that the details had not yet been investigated and that an answer would be given between meetings.
(See minute 76 Industry & Commerce Sub-Committee minutes).

123. BUS SERVICES.

Lt.Col. BICKERSTETH announced that he had now received information that 12 tyres were available in ROME from Italian Government sources for use in the bus service GORIZIA to POSTUMIA, to be run by the firm of RIBI. It now only remained for the Jugoslavs to produce the 12 tyres from their sources as previously agreed out of Committee.

Major GOLOB stated that he felt there must be some mistake as they could not undertake to supply tyres, Jugoslavia's only source of supply being through the black market in ITALY. If a further 12 tyres could be found, and the Anglo-American side would furnish them with information of where they

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The minutes of the seventh meeting of the Fuel and Power Sub-Committee were received.

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119. EXPLOSIVE.

All that now remained for settlement was the price for which the Jugoslav Authorities were waiting.

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/..... could be obtained, they would purchase

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123. Cont.

could be obtained, they would purchase them for the use of the bus service, in the meantime every effort would be made to try and find tyres from the Jugoslav side.

124. THE SHIP "SAN MARCO".

The final destination of the San Marco was to be discussed between the owner and Major GOLOB, as this was the responsibility of the Jugoslav Government the vessel being in Zone B. Information on the arrangements made was to be passed to Lt.Col. BICKERSTETH.

125. COLLECTIAL TRANSACTIONS BETWEEN ZONES

Lt.Col. BICKERSTETH stated he did not think that sufficient information was exchanged over commerce between Zones A and B, and considered that a system of licenses would assist and that export licenses would be required for exports from Zone A. As an example he quoted the very substantial quantities of wood which were passing through Zone A to ITALY, although previously it had been said there was none available. He further considered that owing to its needs, Zone A should be considered first.

Major GOLOB replied that the wood in question was from JUGOSLAVIA and not Zone B, but that the declaration of a shortage of wood in Zone B was of an earlier date, and that now the situation had improved UNVOD had already been contacted with the view to improving trade, it being considered that timber was one of the chief articles which could be used as a method of compensation for purchases. He considered that licenses would assist in stopping the black market and that the Jugoslavs would make similar arrangements, and he would see Lt.Col. BICKERSTETH between meetings on this subject.

126. MACHINERY IN ANCONA.

The concrete mixing machinery etc. referred to was thought to belong to French nationals, and as it was therefore a matter to be handled between governments and not through AMG, no further action was needed by the Committee.

127. HARD COAL FOR LOCOMOTIVES IN ZONE B.

Major FODEN stated in reply to a request that hard coal should be provided for locomotives in Zone B, that AFHQ had ruled that no coal of this type was at present available for use in Zone B.

128. CANCELLATION OF MILITARY TRAIN TRIESTE - POLA.

Dr KOBE announced that the military train, for which permission had been granted by the Jugoslav Government at BELGRADE, to be operated once a week from TRIESTE to POLA, could no longer be allowed, and that the service was now cancelled.

2425

Lt.Col. PHILLIPS stated that he would bring this point up at the next Joint Operating Committee meeting.

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2425

Lt.Col. PHINN stated that he would bring this point up at the next Joint Operating Committee meeting.

129. IDENTITY CARDS.

The question of identity cards was outside the scope of the Committee and was to be brought up with AMG.

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130. MARKING BUOYS TO WRECKS.

Marking Buoys which had been placed to mark the wreck of an UNRRA ship were found to be continually disappearing. It was suspected that they were being removed by fishermen, orders had been given to fishermen in TRIESTE area that this must discontinue owing to the hazzard to shipping. It was requested that a similar order should be issued in Zone B.

Dr KOBE replied that this would be dealt with immediately and that offenders would be brought before the peoples court.

131. NEXT MEETINGS

It was agreed that the next meetings would be held as follows:

Industry and Commerce and Fuel and Power Sub-Committee meetings should be held Tuesday 4th December 45 at 0900 hours, and that the business of the two Committees should be combined.

The Finance Sub-Committee should be held Wednesday, 5th December 45 at 0900 hours.

The Joint Economic Committee should be held Friday, 7th December 45 at 0900 hours.

J. R. SNOWDEN.
Major, D.A.&.G.
Secretary
Joint Economic Committee.

JRS/HLC

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14/16	D. & Q.M.G., 13 Corps
17	AQMG (M)., 13 Corps
18	Chief Commissioner., ALCOM
19	HQ., ALCOM
20/29	Economic Section., ALCOM
30	Public Works & Utilities Sub-Commission ALCOM (attn: Chief., Electrical Division)
31	Commerce Sub-Commission, ALCOM (attn: Coal Division)
32	Industry Sub-Commission, ALCOM
33	Finance Sub-Commission
34	American Embassy
35	British Embassy
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37/38	D/SCAO., AMG 13 Corps
39	Economic Adviser., AMG 13 Corps
40	Public Relations Officer, AMG 13 Corps
41	Legal., AMG 13 Corps
42	Finance., AMG 13 Corps
43/44	Supplies., AMG 13 Corps
45	Transportation, AMG 13 Corps
46	Labour., AMG 13 Corps
47	Public Works., AMG 13 Corps
48/67	Jugoslav Delegation
68	Colonel C.H. BARRETT, DDTN., Navy House.
69	Commerce., AMG 13 Corps
70	Capt. FINER, AMG 13 Corps
71	File
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9	M & T.., AFHQ
10	US POLAD., AFHQ
11	RESMIN., AFHQ
12	T.. (Main)., RCHE
13	G.O.C., 13 Corps
14/16	D.. & Q.G., 13 Corps
17	AQMG (M)., 13 Corps
18	Chief Commissioner., ALCOM
19	HQ., ALCOM
20/29	Economic Section., ALCOM
30	Public Works & Utilities Sub-Commission ALCOM (attn: Chief., Electrical Division)
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32	Industry Sub-Commission, ALCOM
33	Finance Sub-Commission
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70	Capt. FARMER, AMG 13 Corps
71	File
72/100	Spares

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Chief Commissioner
AFHQ

DEC 3 RECD 18

JOINT ECONOMIC COMMITTEE
AT HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

8 November 1945

JOINT ECONOMIC COMMITTEE
AGENDA.

The eighth meeting of the Joint Economic Committee (per agreement of 20 June 1945 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army, will be held at 0900 hours on FRIDAY, 9th November 1945, in the Main Conference Room, No. 68, HQ., AMG 13 Corps, TRIESTE, to consider the following Agenda:

1. Minutes of the seventh meeting held on 12 October 1945.

2. To consider the minutes of the meetings of the following Sub-Committees.

   a) Fuel & Power Sub-Committee meeting of 7 November 45 (Appendix A,

   b) Commerce & Industry Sub-Committee meeting of 6 November 45 (Appendix B,

   c) Finance Sub-Committee meeting of 8 November 45 (Appendix C).

3. Any other business.

4. To set a date for the next meeting.

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J. R. SLOSDEN.
Major, DAQMG.
Secretary
Joint Economic Committee.

JRS/HLC

Declassified E.O. 12356 Section 3.3/NND No. 785045

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   c) Finance Sub-Committee meeting of 8 November 45 (Appendix C).

3. Any other business.

4. To set a date for the next meeting.

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J. R. SNODEN.
Major, DAQMG.
Secretary
Joint Economic Committee.

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Attachments.

Appendices "A","B", and "C".

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APPENDIX "A"

Copy No .....

JOINT ECONOMIC COMMITTEE

FUEL AND POWER SUB-COMMITTEE - MINUTES.

40. The seventh meeting of the Fuel & Power Sub-Committee was held at 0900 hours on Wednesday, 7th November 1945, at HQ MEG., 13 Corps.

PRESENT:

Chairman.

Major J.E. FODEN
MEG., 13 Corps

Members

Ing. KOVACIC, Marta - Jugoslavia
DOLGAN, M. - Jugoslavia

In Attendance

Ing. SIKOSEK, Dusan - Jugoslavia

41. COST OF EXPLOSIVES.

Although a request has been sent for the price of explosive, quoted in minute 75 of the last Joint Economic Committee meeting, no reply has yet been received and the answer is to be given between meetings.

42. REDIJUGLLA - OPICINA RAILWAY POWER LINE

The poles were now located near POSTUMIA and were ready for delivery to OPICINA. But a letter received by the Jugoslavs dated 16 October 45 from the Royal Engineers stated that the poles were no longer required.

Major FODEN stated that this was incorrect and would they be still available if they were required. The Jugoslavs stated that delivery could be made of 60 poles if desired.

43. REPLY TO QUESTION ON MINE SWEEPING.

2421 The Jugoslavs stated that the reply had been studied but there were no comments to be made.

44. HARD COAL FOR RAILWAYS IN ZONE "B"

The Jugoslavs requested that some arrangement should be made to provide hard coal for the railway engines in Zone "B" as the coal at present in use was damaging the boilers and fireboxes.

Major FODEN replied that the matter had already been referred to AFHQ through the Joint Operating Committee, and that in reply it had been stated that no hard coal was available for railways in Zone B at the present time.

45. PETROLEUM

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Members

Ing. KOVACIC, Marta - Jugoslavia
DOLGAN, M. - Jugoslavia

In Attendance

Ing. SIKOSEK, Dusan - Jugoslavia

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Major FODEN replied that the matter had already been referred to AFHQ through the Joint Operating Committee, and that in reply it had been stated that no hard coal was available for railways in Zone B at the present time.

45 DETONATORS.

The Jugoslav delegates asked if 200,000 detonators could be purchased through Anglo-American sources for coal mining. In reply it was pointed out that no further negotiations could be undertaken regarding coal mining, until the Jugoslav Delegation produced a satisfactory plan for the production of coal from ARSA, as stated in reply from AFHQ shown in Appendix A to the last minutes of the Joint Economic Committee meeting of 12 October 45.

Ing. KOVACIC asked what quantity of the production of the ARSA mines would be considered reasonable by the Anglo-American delegates.

/ . . . . Major FODEN replied that

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45. Cont.

Major FODEN replied that for six meetings it had been discussed and the Anglo-American desires in the matter had been clearly explained. All that was required was a mutual plan for the operation of the mines so that a maximum reasonable output could be guaranteed. It had been understood from previous statements that JUGOSLAVIA was self-sufficient regarding explosives for mining.

Ing. KOVACIC pointed out that for explosives JUGOSLAVIA was self-sufficient, but that this did not apply to detonators.

Major FODEN remarked that at one meeting the Jugoslavs desired one thing, at another time another, and that no consolidated idea of what was required to run a mine seemed to be known. He considered that if a joint investigation was made; the two parties would be able to cover together all foreseeable requirements, and it would then be possible to arrange a satisfactory maximum output that would not be injurious to the mine. This request had been made many times, but no answer had yet been given.

Ing. KOVACIC stated that the Jugoslav Delegation now understood what was desired, although this had not been understood previously, and that there were no further points to be raised on the matter at this meeting.

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JRS/HLC

J. R. SIGDEN.
Major, R.E.
Secretary.
Joint Economic Committee.

Declassified E.O. 12356 Section 3.3/NND No. 785015

APPENDIX "B"

Copy No .....

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

6 November 1945

INDUSTRY & COMMERCE SUB- COMMITTEE

68. The seventh meeting of the Industry and Commerce Sub-Committee was held at 0900 hours on Tuesday 6th November 45 in the Economic Section Conference Room at HQ A.M.G., XIII Corps, TRIESTE.

PRESENT:

Chairman

Lt. Colonel D.S. BICKERSTETH
AMG XIII Corps

Members

ING. PEROVIC, J. Jugoslavia (Commerce)
ING. DOLGAN, M. Jugoslavia (Industry)
ING. KOVACIC, M. Jugoslavia (Industry)

In Attendance

Major LOCKWOOD-TATHAM Tptn., AMG XIII Corps
Dr KOBE, B. Chief of Jugoslav Delegation
ING. SILOSEK, D. Electrical Expert, Jugoslavia
Major GOLOB, R. Transportation Expert, Jugoslavia

69. POST OFFICE OFFICIALS' DOCUMENTS.

The Chairman stated that Post Office Officials' documents, requested by the Jugoslavs, were sent to the Jugoslav Military Government at ABBAZIA (OPATIJA) on the 20th October, 1945.

70. FOUR IRON RAIL ROAD BRIDGES.

The Jugoslavs wished to know the present state of construction of four rail road bridges ordered from CANTIERI RIUNTI DELL' ADRIATICO and requested confirmation that the Allies' permission for the Jugoslavs to purchase these bridges still stood.

2419 The Chairman stated the Allies had nothing against this transaction, as they stated before.

71. USE OF MILLS IN POLA.

Ing. KOVACIC asked that she be given confirmation that the mills in POLA are permitted to deal with Jugoslav grain. The Chairman stated that he had already informed Ing PEROVIC that the mills could handle 1500 tons per month.

The Jugoslavs stated that they wished to bring grain by ship and take away the flour by motor vehicle. This was agreed in principle but the

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Chairman

Lt. Colonel D.S. BICKERSTETH
AMG XIII Corps

Members

ING. PEROVIC, J. Jugoslavia (Commerce)
ING. DOLGAN, M. Jugoslavia (Industry)
ING. KOVACIC, M. Jugoslavia (Industry)

In Attendance

Major LOCKWOOD-TATHAM. Tptn., AMG XIII Corps
Dr KOBE, B. Chief of Jugoslav Delegation
ING. SILOSEK, D. Electrical Expert, Jugoslavia
Major GOLOB, R. Transportation Expert, Jugoslavia

69. POST OFFICE OFFICIALS' DOCUMENTS.

The Chairman stated that Post Office Officials' documents, requested by the Jugoslavs, were sent to the Jugoslav Military Government at ABBAZIA (OPATIJA) on the 20th October, 1945.

70. FOUR IRON RAIL ROAD BRIDGES.

The Jugoslavs wished to know the present state of construction of four rail road bridges ordered from CANTIERI RIUNTI DELL' ADRIATICO and requested confirmation that the Allies' permission for the Jugoslavs to purchase these bridges still stood.

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The Chairman stated the Allies had nothing against this transaction, as they stated before.

71. USE OF MILLS IN POLA.

Ing. KOVACIC asked that she be given confirmation that the mills in POLA are permitted to deal with Jugoslav grain. The Chairman stated that he had already informed Ing PEROVIC that the mills could handle 1500 tons per month.

The Jugoslavs stated that they wished to bring grain by ship and take away the flour by motor vehicle. This was agreed in principle but the Chairman stated that he would require 10 days notice before the first shipment arrived, and it was agreed that detailed arrangements will be made at a conference to be held in POLA, and which will include all interested parties.

72. ELECTRIC DETONATORS FOR ARSA MINE.

The Jugoslav delegates asked whether they could buy 200,000 electric detonators from Zone "A". The Chairman stated that this should be brought up in the next Fuel & Power Sub-Committee meeting to be held on the 7 Nov 45.

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73. CORK FLOATS FOR BUOYS.

The Jugoslavs stated that they wished to buy cork floats for buoys which are situated at BRIONI and which serve both Allied and Jugoslav shipping, and which were normally supplied by a firm in TRIESTE for the whole of VENEZIA GIULIA.

The Chairman said he could see no objection to the transaction but that the matter should be referred through ordinary commercial channels, such as CENTROPROM.

74. ESTABLISHMENT OF A JUGOSLAV OFFICE IN ZONE A TO DEAL WITH CLAIMS OF WAR DAMAGE SUSTAINED BY JUGOSLAV CITIZENS PERMANENTLY RESIDENT IN ZONE A.

The Jugoslav delegates proposed that a Jugoslav office should be established in Zone "A" to deal with claims for war damage submitted by Jugoslav citizens permanently resident in Zone "A".

The Chairman stated that AMG is the only government in Zone "A" and that all claims for war damage will be dealt with by AMG.

The Jugoslavs then asked that this ruling be published in the local newspapers.

The Chairman suggested that this whole question be dealt with by the Finance Sub-Committee and their findings be passed to the Joint Economic Committee. This was agreed to.

75. PUBLISHING RIGHTS.

The Jugoslavs stated that Slovenes had had no cultural freedom under Fascist rule and now they feel that their publishing rights are hindered by old Italian laws. The delegates added that they will submit concrete details in letter form.

76. PURCHASES IN ZONE "A".

The Jugoslavs gave an example of the purchase of Vaseline and other commodities by a firm in LJUBLJANA from a firm in TRIESTE. It appears that these goods are blocked by AMG and the Jugoslav delegates requested that they be unblocked. The Chairman stated he would investigate the matter on full details being provided.

77. CRANES.

(a) The Chairman gave the AFHQ ruling upon the question of loaning a floating crane to the Jugoslavs. The decision was that a crane could not be lent until minesweeping had been carried out.

(b) In reply to the Jugoslav request to purchase an existing crane from TRIESTE the Chairman stated that the Port Control Committee had refused permission for the Jugoslavs to buy a crane.

2417

78. SHIPPING.

(a) San Giovanni, POLA. (see minute 87 of Joint Economic Committee meeting of 12 Oct 45).

The Chairman stated that an investigation had been carried out and it was established that the "SAN GIOVANNI" came to POLA in 1943 and remained there, damaged, until very recently when it was repaired and sailed to

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(b) "Norah" (see minute 87 of the Joint Economic Committee meeting of the 12 Oct 45).

The Chairman reported that he had heard from the owner of this ship that the matter was now closed.

(c) M/V "Marie Jose"

The Chairman handed the Jugoslav delegates a letter in connection with the above mentioned vessel which they promised to investigate.

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79. BUS SERVICES (see minute 76 of Joint Economic Committee meeting of 12 October 45).

The Chairman stated that he had investigated the complaint lodged by the Jugoslavs and he had found the firm RIBI in GORIZIA had no objection to re-opening the services in question except that they were prevented from doing so by the lack of tyres. An effort by AMG to obtain tyres through Allied Commission had been unsuccessful, but other means of satisfying the Jugoslavs' request were being examined.

80. TRANSPORT OF GOODS ACROSS THE MORGAN LINE.

The Chairman stated AMG had been receiving requests from firms in Zone "A" including UNRRA to transport goods into Zone "B". Had the Jugoslavs any objection to transport crossing the Morgan line in either direction. The Jugoslavs stated they had no objection in principle but they had a strict control on exports from Zone "B" in order that UNRRA goods do not infiltrate into Zone "A".

The Chairman stated that he would take this opportunity to deprecate the amount of smuggling between the two zones, and in particular he mentioned Salt.

The Jugoslavs agreed and stated that they would welcome Allied cooperation in stamping this smuggling out.

81. CONVOYS OF CIVILIAN LORRIES AND A BUS SERVICE BETWEEN POLA & TRIESTE THROUGH ZONE "B".

The Chairman asked whether the Jugoslavs had any objection to AMG running a bus service, and convoys of civilian lorries, from POLA to TRIESTE and return, through Zone "B".

The Jugoslavs asked if they could use the convoys and buses for traffic themselves when there was free space. The Chairman agreed to this in principle and said it could be discussed at POLA at the meeting in connection with the flour mills.

Major TATHAM then intervened to state that the bus service had been arranged with the Jugoslav Military Government and the POLA - TRIESTE bus service starts on the 7th November, 1945.

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for J. R. SNOWDEN.

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Major, D.L.I.G
Secretary
Joint Economic Committee

JRS/HLC

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APPENDIX "C"

Copy No .....

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE

JOINT ECONOMIC COMMITTEE
FINANCE SUB-COMMITTEE - MINUTES

13. The second meeting of the Finance Sub-Committee was held at 1000 hours, 8th November, 1945 in HQ AMG, XIII Corps.

PRESENT:

Chairman

Lt. Col. N.T. BEARD,
C.F.O. AMG 13 Corps

Members

Ing KOVACIC - Jugoslavia
Dr BERLIC - "

In Attendance

Lt. Col OSBORNE, AMG 13 Corps
Dr URSICIC - Jugoslavia

14. The minutes of the previous meeting were received and agreed.

15. CLOSING OF SLOVENE NATIONAL BANK IN TRIESTE.

The Jugoslav delegates expressed their astonishment at the sudden closing of their bank in TRIESTE, a bank which they stated had been open for a long time, serving the good of the population. The Chairman stated that although previously referred to as a private bank, latterly it had been stated by the Jugoslavs to be a branch of the State Bank of Jugoslavia and that no State Bank of any nationality could be tolerated in this zone, the main functions of a State Bank being the issuing of money and the carrying out of its Government's policy.

The Jugoslavs then asked if a branch of the Economic Bank of Zone B, an organ of the Jugoslav Military Government of Zone B, could be opened in Zone A.

The Chairman asked the Jugoslavs to submit an application to open this bank in the ordinary way and upon request promised to give copies of pertinent set of rules governing such an application. The Chairman then asked that he be furnished with a certificate from the Jugoslavs, by 0900 hours on the 9th in reference to the TRIESTE Branch of the Slovene State Bank, and which should contain the following points:

2415

(i) that the bank is closed and will not re-open in Zone A

(ii) that deposits have been returned to depositors or that new accounts have been opened for them in the GIULIA Bank.

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Chairman

Lt. Col. N.T. BEARD,
O.F.C. ..MG 13 Corps

Members

Ing KOVACIC - Jugoslavia
Dr BERLIC - "

In Attendance

Lt.Col OSBORNE, ..MG 13 Corps
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The Jugoslavs promised to submit this certificate.

16. UNBLOCKING OF ..CCOUNTS IN ZONE .. AT BANKS WITH BRANCHES IN ZONE B

The Jugoslavs raised the question of deposits by Banks in Zone B with their Central Banks in Zone .., and deposits by individuals in Zone B with banks in Zone ..

The Chairman stated that the issue of Jugoslav currency in Zone B had changed the position vis-a-vis the two zones and had negatived the scheme for supplying currency for Zone B upon which he was working.

/. . . . . The questions were

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16. Cont.

The questions were discussed at considerable length, and the Chairman concluded the discussion by requesting the Jugoslavs to state in writing what it was they desired, and he would reply to them in writing.

17. COMMERCIAL INSURANCE COMPANY - FIUME
(See minute 9 of Finance Sub-Committee meeting of 2 Oct 45).

As promised the Jugoslav delegates submitted an answer to this question, in letter form.

18. SOCIAL INSURANCE.

Certain aspects of this problem had already been discussed by Lt.Col. OSBORNE and Dr. TONCIC and it was agreed that further discussions should take place on the following Monday afternoon.

19. JUGOSLAV CITIZENS IN ZONE A WHO WISH TO CLAIM WAR DAMAGE.

The Jugoslavs asked that they be allowed to open a Jugoslav Government Office in Zone A to deal with the war damage claims. This was categorically refused by the Chairman who explained at some length the AMG system of dealing with such claims without discrimination of race, and stated that he would be pleased to receive any Jugoslav or other citizen who had any difficulties.

20. SLOVENE AUTHORSHIP ROYALTIES.

In answer to a question the Chairman stated that all royalties accrued from performances in this area will be paid to the Slovene authors concerned in due course.

21. MONOPOLY GOODS - EVASION OF TAX.

The Chairman complained that very large quantities of Salt and Cigarettes are being smuggled into Zone A from Zone B, and asked for Jugoslav assistance in stamping this out. This was promised.

22. COMMERCIAL INSURANCE COMPANY, FIUME
(see minute 9 last Finance Sub-Committee meeting).

The Jugoslavs issued a report on the Fiume Insurance Company, and left a copy with the Chairman. They confirmed that commercial correspondence between Zone B and Zone A and ITALY was entirely free from control.

23. BANK OF ITALY - CANCELLED DINARS.

2414 The Chairman stated he would submit a letter to the delegates upon the subject of the return of certain cancelled and other dinars from the Bank of Italy, FIUME, to the Bank of Italy, ROME.

24. METHOD OF PAYMENT BY JUGOSLAVS OF LARGE ORDERS PLACED IN ZONE A.

The Chairman stated he was being asked to finance concerns in Zone A who were working on very large orders placed with them by the Jugoslavs. These firms were now almost without capital and he asked the Jugoslavs in what manner they proposed to pay these people.

The Jugoslavs said they would consider the matter and submit a reply.

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23. BANK OF ITALY - CANCELLED DRAFTS.

The Chairman stated he would submit a letter to the delegates upon the subject of the return of certain cancelled and other drafts from the Bank of Italy, FIUME, to the Bank of Italy, ROME.

2414

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The Chairman stated he was being asked to finance concerns in Zone A who were working on very large orders placed with them by the Jugoslavs. These firms were now almost without capital and he asked the Jugoslavs in what manner they proposed to pay these people.

The Jugoslavs said they would consider the matter and submit a reply.

25. REPORT FROM "LA VOCE LIBER."

The Chairman asked whether there was any truth in the statement in "LA VOCE LIBER." that strikers in Zone B had been informed that they could change their OCCUPATION lire at 6 Via CARDUCCI, TRIESTE.

The Jugoslavs said that there was no truth in the matter, and that they frequently derived amusement from this paper.

J.R. SNOWDEN.
Major. D.A.Q.M.G.
Secretary
Joint Economic Committee.

(3) JRS/HLC

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Chief Commissioner AMCOMG

DEC 3 RECD

COPY NO.....49.....

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY.

JEC/1.

19 October 1945.

JOINT ECONOMIC COMMITTEE - MINUTES.

71. The seventh meeting of the Joint Economic Committee was held at 0900 hrs 12 October 1945 in the Main Conference Room at HQ XIII Corps, AMG, TRIESTE.

PRESENT:

Chairman :	Brigadier W.H. RITCHIE, C.B.E., (D.A.& Q.M.G. 13 Corps,	
Members :	Col. A.H. BARLEY.	D.D.Tn. Trieste.
	Lt.Col. G.W. BROWN.	Mov & Tn, 13 Corps.
	Lt.Col. D.S. BICKERSTETH.	Economic Adviser, AMG 13 Corps.
	Lt.Col. N.T. BAIRD.	Chief Finance Offr.
	Major. J.E. FODEN.	Public Works, AMG 13 Corps.
	Major. H.M. HAYWARD.	Telecom Offr, AMG 13 Corps.
	Dr. KOBE, B.	Jugoslavia, Chief of Delegation.
	PEROVIC J.	Jugoslavia, Commerce.
	Ing. DOLGAN, M.	Jugoslavia, Industry.
	Ing. ZURLINI, M.	Jugoslavia, Transport.
	URSIC, FRANC.	Jugoslavia, Commercial Tpt.
	Ing. KOVACIC, M.	Jugoslavia, Industry.
In attendance:		
	Ing. SIKOSEK, D.	Jugoslavia, Electricity.
	BERLIC, S.	Jugoslavia, Finance.

72. MINUTES OF THE SIXTH MEETING.

The minutes of the sixth meeting held on 6 September 1945 were received.

73. TOURIST AGENCIES.

241 Dr. KOBE raised the question of tourist agencies pointing out that there were no agencies representing Jugoslavia in Trieste, but there were agencies representing Italy and elsewhere, also owing to the fact that parts of Jugoslavia, notably the Dalmation Coast, were dependent largely for their livelihood on tourists; the opening of this agency was an important consideration for the first tourists of the future. The Chairman requested that a written report on the matter be sent to the Secretariat. He stated he would pass the information to AFHQ : if this was unsatisfactory the matter should be passed through diplomatic channels.

74. TELEGRAPH CIRCUIT [illegible] TO POLA.

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Members :

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Lt.Col. G.W. BROWN.	Mov & Tn, 13 Corps.
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74. TELEGRAPH CIRCUIT EDIE 'A' TO POLA.

The Telecom Officer of AMG 13 Corps reported that telegraph communications which had broken off in August had not yet been replaced. The hold up in reopening the line appeared to be caused through some difficulty in payments and it was agreed that the matter should be finally cleared up in the next sub-committee meeting.

75. EXPLOSIVES.

The Jugoslav delegation gave a copy of the analysis of the last consignment of explosive supplied, to the Secretariat, and asked that it be recorded that this explosive was not satisfactory.

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/It was decided.....

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It was decided that a decision whether or not the explosive be returned rested on whether the price charged would be satisfactory. This was to be investigated.

76. BUS SERVICES.

The Jugoslav delegation pointed out that there were no bus services from GORIZIA to POSTUMIA, CERLINO and IDRIA and that this situation was unsatisfactory to the population in parts of Zone 'B'. It was understood that the firm of RIBI, who ran bus routes, were prepared to re-open the service, but were prohibited from doing so. It was pointed out that the reason for this was a shortage of buses available and it was agreed that the matter would be immediately investigated.

77. Attention was drawn to an error in Minute 66, line 2 of the last meeting of the Committee - "alternative" should read "other".

78. FUEL AND POWER SUB-COMMITTEE.

The minutes of the sixth meeting were received.

79. REDIJUGLIA - OPICINA RAILWAY POWER LINE.

Capt. TANNER was contacted, as arranged at the sub-committee meeting., concerning the delivery of poles, and the matter was now in hand.

80. WHEREABOUTS OF DR. PUGLIA, OLINDO.

The Jugoslav delegation stated that they were not competent to deal with this matter and that any enquiries should be made through Legal Branch, Jugoslav Military Government.

81. ARSA COAL MINES.

(a) The Jugoslav delegation stated that the production from the Arsa mines was now 500 to 600 tons per day, which would grow daily and would reach the eventual target of 1000 tons per day, but that production is delayed at the present time, one reason being that AMG have refused permission for 300 miners domiciled in Zone 'A' to go to the mines.

The Chairman asked for full details of this refusal of permission to be furnished before the next meeting.

(b) With reference to Minute 35(b) of the Fuel and Power Sub-Committee minutes Dr. KOBE stated that as the Jugoslav delegation was fully empowered to answer all questions regarding the Arsa coal mines, no heed should be paid to statements made by any other persons.

241

(c) The removal of 4000 tons stock.

The removal of this coal by road was not within the competence of the Jugoslav delegation to decide, as it would require a new economic line of communication and permission for the use of British Military transport on roads in Zone 'B', which is prohibited by the Trieste Agreement. Barges up to 500 tons can be used, and 1000 tons was brought by barge on 11 October to Trieste for a private customer. It was

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(d) Mine clearance.

The Jugoslav delegates requested that an answer should be given to the Jugoslav Military Government letter to XIII Corps on the above question. They stated that they were already sweeping mines but considered Anglo-American assistance would be a gesture of good neighbourliness.

/The Chairman.....

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The Chairman stated that he would again give details to AFHQ on this matter and that a reply would be given as Appendix "A" to these minutes.

(e) Request for Allied Jugoslav Delegation to visit Arsa mines.

Dr. KOBE asked if as the question of the quantity of production had been answered and details given concerning transport, the Anglo-American request to visit the mines still stood, it being considered that confidence between allies on information provided between them should be sufficient.

The Chairman stated that the question still stood and that AFHQ would be informed of their attitude on this point.

Dr. KOBE explained that the power to grant permission would be out of the hands of the Jugoslav delegates and it would be necessary to write direct to the Jugoslav Military Government for permission to visit the mines.

82. INDUSTRY AND COMMERCE SUB-COMMITTEE.

The minutes of the sixth meeting of the Industry and Commerce Sub-Committee were received.

83. POST OFFICE OFFICIALS PERSONAL RECORDS.

These documents are said to be on the way and it was agreed to send them to the Jugosla Military Government.

84. ILVA CONTRACT.

It was agreed that discussions on this matter should be broken off until the ruling of the War Booty Committee was known.

85. TOBACCO.

No details had yet been received on this matter. The Jugoslav delegation promised to give information of concerns holding export permits for sale of cigarettes and tobacco so that any negotiations would continue with the knowledge of AMG.

86. CRANES.

It was disclosed that no signal had been received from AFHQ concerning the supply of floating cranes to the Jugoslavs. It was pointed out that the NOIC had stated that none were available.

AFHQ was to be asked to expedite its reply.

2411

87. SHIPPING.

'Horeb' The question of the 'Horeb' was still unsettled, as the account for repairs was confused and the cost of repairs to other ships had been included. It was also uncertain where she was at present lying. Lt.Col. BUCKINGHAM promised to investigate this and hand a reply with details to the Jugoslavs between meetings.

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These documents are said to be on the way and it was agreed to send them to the Jugosla Military Government.

84. ILVA CONTRACT.

It was agreed that discussions on this matter should be broken off until the ruling of the War Booty Committee was known.

85. TOBACCO.

No details had yet been received on this matter. The Jugoslav delegation promised to give information of concerns holding export permits for sale of cigarettes and tobacco so that any negotiations would continue with the knowledge of AMG.

86. CRANES.

It was disclosed that no signal had been received from AFHQ concerning the supply of floating cranes to the Jugoslavs. It was pointed out that the NOIC had stated that none were available.

AFHQ was to be asked to expedite its reply.

2411

87. SHIPPING.

'Horab' The question of the 'Horab' was still unsettled, as the account for repairs was confused and the cost of repairs to other ships had been included. It was also uncertain where she was at present lying. Lt. Col. BRUCE-SMITH promised to investigate this and hand a reply with details to the Jugoslavs between meetings.

'Jean' This ship is claimed by the French Authorities and should therefore pass through the War Booty Committee. Settlement for repairs by the Jugoslavs would then be dealt with between the French and Jugoslav Governments.

'San Giovanni' The identity of this ship which is lying at POLA was to be established and whether or not it was brought into POLA before or after 2 May 1945.

Lt. Col. PHILLIPS promised to undertake this investigation and report findings immediately.

It was agreed that provided identity could be established it could be moved at any time.

/'Italia'.....

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'Italia'. It was arranged that the owners should get in touch with the Jugoslav Military Government concerning collection.

'San Marco' It was agreed by the Jugoslav delegation that the firm of TRIPKOVIC could now salvage this vessel and bring it to Trieste so that it would not break up during the bad weather this winter.

88. In minute 66 (b) of the Sub-Committee Minutes of 2 October it was agreed that 'San Giovanni' should read 'Jean'.

89. COTTON SPINNING AT THE GORIZIA MILL.

The Jugoslav delegation stated that the matter had been taken up with BELGRADE but that no reply had yet been received.

Lt.Col. BICKERSTETH pointed out that the situation had materially altered owing to the firm having now received supplies of cotton from overseas.

90. TIMBER AND FIREWOOD.

Lt.Col. BICKERSTETH pointed out that Zone 'A' is very short of firewood and that on direction of higher authority he had been instructed to obtain timber from the normal sources of supply for this area which was Zone 'B'. Dr. KOBE explained that Zone 'B' was not as rich in firewood as was imagined, the Fascist policy having been to cut quite indiscriminately and that at moment 5 wagon loads per day were being provided from Zone 'B' through an agent. If further quantities were desired it would be necessary to move the wood from GORSKI KOTAR by train to FIUME and thence by ship to TRIESTE, which would entail minesweeping.

The Chairman asked if British motor transport could be used but Dr. KOBE stated that this would be impossible.

The Chairman pointed out that as no agreement could be reached, the instruction of higher authority could not be met, but he requested that the Jugoslavs should investigate the possibilities of increased quantities from Zone 'B'.

91. TRANSPORT.

The Minutes of the sixth meeting of the Transport Sub-Committee were received.

92. RAILWAYS.

The Jugoslav delegation considered that all railway services should be restored in Zone 'A' in the spirit of the Trieste Agreement but it was pointed out by Col. EARLEY that there is no obligation on either side for a particular route to be given priority, and that the matter was a question of materials available for the routes which were most immediately necessary.

2410

Col. EARLEY continued that work had already started and would be completed by the first week in November on two bridges on the GORIZIA-MUZZA line. These two bridges were at Km points 58.79 and 68.161.

This would mean that the railway would be through [illegible]

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This would mean that the railway would be through as far as the ISONZO viaduct at Km point 76.650. This viaduct was abig project to mend but was under examination and a report on it would be made later.

Col. EARLEY stated that the bridge at Km point 80.305 was in Zone 'B' therefore was Jugoslav responsibility. As a matter of information however it was not considered a safe bridge.

Col.EARLEY further stated that at present it was not possible to mend the line PREVACINA - OPICINA without diverting military resources. This line was continually under review however.

/It was submitted that.....

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It was submitted that the Transport Sub-Committee was not now doing any work which was not within the powers of the Joint Operating Committee. It was therefore agreed to leave the Transport Sub-Committee in a state of "suspended animation" and any decisions for the Joint Economic Committee would be submitted direct from the Joint Operating Committee.

Dr. KOBE wished to record that the Jugoslav delegation was very pleased with the way the Transport Sub-Committee had worked and this point was unanimously agreed.

93. FINANCE.

The minutes of the first meeting of the Finance Sub-Committee were received.

94. BANKS.

The Jugoslav delegation stated that the application to open a Jugoslav State Bank was made on the 7 Aug 45. They asked if a reply to this question could now be given.

Lt.Col. BEARD pointed out that it was understood that the official application had not yet been made and would it be possible to supply a copy of the original application. Mr. BERLIC promised it would be supplied immediately.

95. TRANSFER OF BANK BALANCES FROM ZONE 'A' TO ZONE 'B'.

Dr. TONCIC stated that the Jugoslav Financial Sub-Committee had received complaints from several banks in Zone 'B' that they were not receiving drafts of funds from their central banks in Zone 'A' because AMG still prohibited the transfer of money from Zone 'A' to Zone 'B'.

It was requested that this restriction be removed so that transfer of letters of credit or bills of exchange could be freely practised; it being especially desirable to enable, now and in the future, payments of bills of exchange in Zone 'B' by the agencies in Zone 'A' or in Italy, through their central banks or through other banks.

An example is shown as Appendix 'B' to these minutes.

Col. BEARD stated that this matter would be investigated and that AMG would work according to the agreement previously reached on banking arrangements.

96. DEPOSITS IN BANKS OF VALUABLES OF ALLIED P.O.W.

It was agreed that the Finance Section AMG should write to the Jugoslav Military Government on this matter.

2400

97. THE USE OF MILLS IN POLA FOR ZONE 'B'.

The Jugoslav delegation asked if the mills in POLA were working to capacity. If this was not the case could arrangements be made to undertake work from Zone 'B'. The answer to this question was to be given between meetings.

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98. NEXT MEETINGS.

It was agreed that the next meetings will be held as follows :-

Finance Sub-Committee.	6 Nov 45 at 0900 hrs.
Industry and Commerce Sub-Committee.	6 Nov 45 at 0900 hrs.
Fuel & Power Sub-Committee.	7 Nov 45 at 0900 hrs.
Joint Economic Committee.	9 Nov 45 at 0900 hrs.

J.R. SNOWDEN,
Major, DAAG,
Secretary,
JOINT ECONOMIC COMMITTEE.

Declassified E.O. 12356 Section 3.3/NND No. 785015

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19	Chief Commissioner, ALCOM.
20	HQ ALCOM.
21/30	Economic Section, ALCOM.
31	Public Wks & Utilities Sub-Commission, ALCOM (Attn: Chief, Electrical Division).
32	Commerce Sub-Commission, ALCOM. (Attn: Coal Division).
33	Industry Sub-Commission, ALCOM.
34	Finance Sub-Commission, ALCOM.
35	American Embassy, ROME.
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37	SCMO, AMG 13 Corps.
38/39	D/SCMO, AMG 13 Corps.
40	Economic Adviser, AMG 13 Corps.
41	Public Relations Officer, AMG 13 Corps.
42	Legal, AMG 13 Corps.
43	Finance, AMG 13 Corps.
44/45	Supplies, AMG 13 Corps.
46	Transportation, AMG 13 Corps.
47	Labour, AMG 13 Corps.
48	Public Works, AMG 13 Corps.
49/68	Jugoslav Delegation.
69	Commerce, AMG 13 Corps.
70	Capt, FARMER, AMG 13 Corps.
71	File.
72/100.	Spares.

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0970

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APPENDIX 'A' TO MINUTES OF THE SEVENTH MEETING OF THE JOINT ECONOMIC COMMITTEE.

In compliance with the request submitted by the Jugoslav Delegation - shown as Minute 81 (d) - the Chairman visited AFHQ and fully represented the matter to that HQ.

AFHQ replied that it was doubtful if coal of sufficient quantity to affect the over all import of coal could be secured from the ARSA Mines in the forseeable future. The Allied experts were not satisfied that production could not be increased beyond 1000 tons per day and permission for them to visit the mines had been refused.

AFHQ had no assurance that sweeping the mines and providing shipping would produce any worthwhile allotment of coal. In these circumstances, therefore, the Allied Delegation was authorised to suspend further negotiations but should the Jugoslav Delegation come forward with a plan which appeared practicable, guaranteeing a worth-while supply, the situation should again be referred to AFHQ.

APPENDIX B

EXAMPLE OF COMPLAINT REFERRED TO IN MINUTE 95

Cassa di Risparmio Triestina
General Management.

Trieste.
3rd August, 1945

TO THE CHIEF OF OUR AFFILIATION, POSTUMIA GROTTE.

TRANSFER OF BALANCES

Further to our letter of 19 July we confirm that we have asked AMG several times to hasten an answer to our request for permission to transfer the agreed amount of 1,853,323 lire to the "Financial Institute of Slovenia" but without result.

To-day, having the advantage of the presence of your Mr TROJANIS, we insisted on being received by the Chief Finance Officer of AMG and we were received by him.

The Manager of the Bank of Italy and the Manager of the Cassa di Risparmio and your Mr TROJANIS took part in the talks. During the talks we again pointed out to the Senior Allied Officer that it was necessary that we should comply with the request of the "Financial Institute of Slovenia" and obtain payment of the agreed amount through this Affiliation.

We also requested authority to pay to the "Financial Institute of Slovenia" an amount in proportion to the needs of this Affiliation pointing out the needs of our depositors.

We are sorry to have to inform you that the representative of the AMG has flatly refused to authorise our request, pointing out that such transactions are absolutely prohibited. But he added that this matter must be treated directly between the "Financial Institute of Slovenia" and AMG, excluding our Institute which has not any recognised authority to deal in this matter.

2406 Will you communicate this to the Representatives of the Jugoslav Military Authority, inviting them to follow the procedure as suggested by AMG.

With regards,

Declassified E.O. 12356 Section 3.3/NND No. 755015

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With regards,

CASSA DI RISPARMIO TRIESTINA

F/to Rozzo

Declassified E.O. 12356 Section 3.3/NND No. 785045

0973

Declassified E.O. 12356 Section 3.3/NND No. 785015

Chief Commissioner
AHCOM

DEC 8 MCE 79.

JOINT ECONOMIC COMMITTEE
AT HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

4 Oct 45

JOINT ECONOMIC COMMITTEE
AGENDA

The seventh meeting of the Joint Economic Committee (per agreement of 20 Jun 45 between the Supreme Allied Commander Mediterranean Theatre of Operations and the Supreme Commander of the Jugoslav Army, will be held at 0900 hrs on SATURDAY 6 Oct 45, in the Main Conference Room, No. 66, Headquarters AMG 13 Corps, TRIESTE, to consider the following agenda :-

1. Minutes of the sixth meeting held on 6 Sep 45.

2. To consider the minutes of the meetings of the following Sub-Committees :

   a. Fuel & Power Sub-Committee meeting of 3 Oct 45 (Appendix "A")

   b. Commerce & Industry Sub-Committee meeting of 2 Oct 45 (Appendix "B")

   c. Transportation Sub-Committee meeting of 1 Oct 45 (Appendix "C")

   d. Finance Sub-Committee meeting of 2 Oct 45 (Appendix "D")

3. Any other business.

4. To set a date for the next meeting.

J.R. Sinc
Major, DAQMG,
Secretary,
Joint Economic Committee.

Attachments :
Appendices "A", "B", "C" and "D"

/ca.
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JOINT ECONOMIC COMMITTEE

FUEL AND POWER SUB-COMMITTEE - MINUTES

33. The sixth meeting of the Fuel and Power Sub-Committee was held at 0930 hours on Wednesday 3 Oct 45, in the AMG, 13 Corps TRIESTE.

Present

Chairman - Major.J.E.FODEN, AMG, 13 Corps

Members

Major.G.F.HATCH - Mining Div, ALCOM.

Ing. KOVACIC,Marta - Jugoslavia.
DOLGAN,M. - Jugoslavia.
KOTNIK,Viktor - Jugoslavia.

In Attendance

Ing.SIKOSEK, Dusan - Electrical Rep - Jugoslavia.

34. ELECTRICAL POWER.

The Chairman stated that No 1 Railway Operating Group had made arrangements with the Jugoslavs for them to supply electrical transmission line poles for the repair of the REDIPUGLIA - OPICINA railway power line, and asked that the delegation contact Capt.TANNER, R.E., of No 1 Railway Operating Group to ensure the quickest possible delivery of these poles. Delay in completing repairs to the railway feeder will cause corresponding delays in repairs to the SELVEG 13 OKV line from CANOVA to OPICINA which brings in a large part of the electricity for domestic consumption.

The Jugoslav delegates undertook to contact Capt.TANNER.

35. FUEL.

a The Chairman referred to a report of the meeting of the representatives of ARSA and Jugoslav officials at ABBAZIA (OPATIJA) on the 5th Sept 45, and asked whether any information had been obtained regarding the present whereabouts of Dr. PUGLIA, Olindo, director of ARSA s.a. who was arrested by the Jugoslav police at ALBONA on 28 May. The delegation replied that they had no information and that they considered the matter did not come within the scope of this Sub-Committee. The Chairman observed that whether or not the matter came within the scope of the Sub-Committee a reply could do nothing but good.

b The Chairman referred to a report of the same meeting in ABBAZIA (OPATIJA) according to which a Jugoslav Political Commissar intervened in the discussion, and, saying he had twice visited the mines, declared that the output would be considerably reduced in comparison with that of the past so that no output over 500 tons daily is to be foreseen for the time being. The Jugoslav delegations attention was drawn to para 12 (d) of the Minutes of the Fuel and Power Sub-Committee meeting held on the 8th Aug 45, wherein it was recorded that :-

"Assuming a sufficient supply of explosives, production increased in one month's time to 700 tons per day, and in a further 3 months to 1,000 tons per day."

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Major.G.F.HATCH - Mining Div, ALCOM.

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240

"Assuming a sufficient supply of explosives, production increased in one month's time to 700 tons per day, and in a further 3 months to 1,000 tons per day."

The Chairman asked the Jugoslavs whether the later figure of 500 tons per day maximum indicated an official change in policy regarding output. The delegation replied that the meeting at ABBAZIA (OPATIJA) was of a private nature and that they were unaware of what had transpired. The Chairman recalled that the meeting at ABBAZIA (OPATIJA) was arranged during the course of the last meeting of the Fuel & Power Sub-Committee which was therefore concerned with what had transpired. In view of the importance of production he asked the Jugoslav delegation to inform the Secretary of the Joint Economic Committee in writing at the earliest possible date, whether the target production remained as stated in the above mentioned minute.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

c. Major HATCH asked if the Jugoslav delegation could supply any information concerning the re-habilitation of the ARSA coal mine, in particular the current rate of production and the production for September. The Jugoslav delegation replied that the only information that they were prepared to give was that 4000 tons of coal were waiting on the quay at ARSA for collection by the Allies.

Major FODEN stated that arrangements has been made to transport this coal by Allied Motor Trucks to POLA for shipment. The Jugoslav delegation replied that this would be impossible as the road leading to the quay in question was blocked, and there were no facilities for loading motor transport.

36. SHIPPING SPACE

Major HATCH stated that a reply had now been received from AFHQ regarding the Jugoslav request for 3000 tons of shipping in continual use for the transportation of ARSA coal to Jugoslav ports. This reply stated that it would be impossible to make any shipping available until such time as a Joint Allied/Jugoslav Commission had visited the ARSA mine and reported on the potential production and on the loading facilities. The Jugoslav delegation replied that they would inform their Government.

37. EXPLOSIVE

The Jugoslav delegation stated that they had made an analysis of the five tons of explosive recently received from the Allies. This analysis showed that this explosive would ignite coal dust and was unsuitable for use in dusty and gassy mines.

Major HATCH replied that this explosive had been passed by the United States Bureau of Mines as a "permitted" explosive and was actually in use in the U.S.A. and Italy in dusty and gassy mines. The Jugoslav delegation stated that they were now in possession of an adequate supply of a suitable explosive of Jugoslav Manufacture.

38. OIL REFINERY R.O.M.S.A. FIUME

Major HATCH asked if the Jugoslav delegation now had the information regarding the oil refinery R.O.M.S.A. at Fiume which was asked for at the last meeting (Min 29, questions 1, 2 and 3.)

The Jugoslav delegation stated in reply to question 1 that the refinery was not working having been destroyed by Allied bombing and to question 2 that it was impossible to specify any materials required for reconstruction as a completely new installation would have to be built.

39. POWER PLANT - ARSA.

The Chairman asked what steps have been taken to repair the power plant in the VLASCA Station at ARSA.

The Jugoslav delegates replied that the boilers were in order and that they were sent[illegible] to be purchased [illegible] 10,000 Kw. turbo-[illegible]

2403

J.R. SNOWDEN,
Major, DAQMG,
Secretary,
Joint Economic Committee

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APPENDIX "B". COPY NO. 8

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT,
XIII CORPS, TRIESTE, ITALY

2nd October, 1945.

59. The sixth meeting of the Industry and Commerce Sub-Committee was held at 09.0 hours on Tuesday, 2nd October, 1945, in the Economic Section Conference Room, at H.Q. AMG XIII CORPS, TRIESTE.

PRESENT.

Chairman :-	Lt.-Col. D.S. RICHARDSON,	AMG XIII CORPS.
Members :-	Major H.C. BRADBURY	Chief Industry Officer, H.Q. AMG, XIII CORPS.
	PERUVIC, JOZO	JUGOSLAVIA (Commerce).
	Ing. KOSMIN, Viktor	JUGOSLAVIA (Industry).
	Ing. DOLGAN, Marijan	JUGOSLAVIA (Industry).
	KOVACIC, Marko	JUGOSLAVIA (Industry).

60. POST OFFICE OFFICIALS' PERSONAL RECORDS.

The Jugoslav delegates re-iterated their requests for personal documents of Post Office employees in Zone B. The Chairman regretted that these were not yet to hand but stated he would write to FOLA for them and that they should be ready in a week.

61. I.L.V.A. MACHINES.

The Jugoslav delegates once more brought up the question of contracting for pig-iron from I.L.V.A. but the Chairman stated he had nothing to add to the ruling laid down in the ultimate sentence of Para. 59 of the minutes of the Joint Economic Committee Meeting held on the 6th September, 1945.

62. TOBACCO

The Jugoslavs stated that two firms in Zone B wished to send 2,570 Kgs. of tobacco to a firm in Zone A who would pay a compensation in shoes. The Chairman made the following two points:

2407

(a) that any tobacco retailed in this area would be done so through the Monopoly, and,

(b) that the question of export of shoes would have to be examined by him.

The Jugoslavs stated that the firms would submit full details

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PRESENT

Chairman :- Lt-Col. D.S. BIRCHMORE, A.C. XIII CORPS.

Members :- Major H.C. BRADBURY — Chief Industry Officer, H.Q. A.C., XIII CORPS.
SHKOVIC, JOSE — JUGOSLAVIA (Commerce).
Ing. KOVACIC, Viktor — JUGOSLAVIA (Industry).
Ing. DOLINAR, Lavrgan — JUGOSLAVIA (Industry).
KOVACIC, Marko — JUGOSLAVIA (Industry).

60. POST OFFICE EMPLOYEES' PASSES IN ZONE B.

The Jugoslav delegates reiterated their requests for personal documents of Post Office employees in Zone B. The Chairman repeated that these were not yet to hand but stated he would write to FOLA for them and that they should be ready in a week.

61. I.L.V.A. MEETING.

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(b) that the question of export of shoes would have to be examined by him.

The Jugoslavs stated that the firms would submit full details of the proposed transaction.

63. (a)/

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65. [illegible].

(a) The Jugoslav agent raised the question of floating cranes. The chairman replied that he had not yet received a final ruling on this matter from [illegible].

(b) The Jugoslavs then asked whether there would be any obstacles to buying a crane from a local firm in Trieste. The chairman stated that this question of buying a crane would have to be referred to the Naval Officer in Charge, Trieste.

66. [illegible].

The Jugoslav delegates offered consent to the Allies on a barter basis. The chairman declined the offer on the principle that barter is not a good method of business, but that the Allies might consider buying some, and if that be understood the Jugoslavs wanted live exchange to have contracts in hand.

67. [illegible].

The Jugoslav delegates asked whether the Allies were prepared to sell rice from Zone B. The Chairman replied that there is none for sale, all stocks of rice being controlled here.

68. [illegible].

(a) "[illegible]".

The Jugoslav delegates stated that although the "[illegible]" has been requisitioned in Zone B, the owner had not yet been paid for these requisitions. They suggested that the ship be put into service for the Jugoslavs to work off the debt. The chairman replied that he considered that this would be an irregular method of compensation, but undertook to see that this ship was paid after verification.

(b) "[illegible]", [illegible].

The Jugoslavs applied for the release of a small ship, the "San Giovanni", Lying at [illegible]. The Chairman replied that if this ship fell under the heading of War Booty it would have to be dealt with by the relevant Soviet body. The Jugoslavs agreed to submit more details before the next meeting.

(c) "[illegible]".

The Chairman stated that the owner of this ship is prepared to pay for the repairs, and to collect the ship. The Jugoslavs agreed to this.

(d) "[illegible]".

The chairman stated that this ship is lying, sunk, off the [illegible]. The owners request permission from the Jugoslavs to send the firm [illegible] to salvage this vessel before the bad weather comes, and renders it a total [illegible]

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4. [illegible].

The Jugoslav delegates offered no bar to the Allies on the latter's. The chairman deprecated the offer on the principle that barter is not a good method of business, but said the Allies might consider buying some, adding that he understood the Jugoslavs wished in turn shortly to make contracts in Rome.

5. RICE.

The Jugoslav delegation asked whether the Allies were prepared to sell any rice from Zone A. The chairman replied that there is none for sale, all supplies of rice being controlled here.

6. SHIPPING.

(a) "[illegible]".

The Jugoslav delegates stated that although the "[illegible]" has been requisitioned by Zone B, the owners had not yet been paid for those services. They suggested that the ship be put into service for the Jugoslavs to work off the debt. The chairman replied that he considered that this would be an irregular method of compensation but undertook to see that this bill is paid after verification.

(b) "[illegible]", ROMA.

The Jugoslavs claimed the return of a small ship, the "San Giorgio", lying off Pola. The chairman replied that if the ship fell under the heading of war booty it would have to be dealt with by the Reparations Commission. The Jugoslavs agreed to submit more details before the next meeting.

(c) "[illegible]".

The Chairman stated that the owner of this ship is prepared to pay for the repairs, and to collect the ship. The Jugoslavs agreed to this.

2401

(d) "[illegible]".

The chairman stated that this ship is lying, sunk, off the SALVORE [illegible]. The owners request permission from the Jugoslavs to send the firm [illegible] to salvage this vessel before the bad weather comes, and declare it a total, highly dangerous, wreck. The Jugoslavs undertook to examine this question between this and the next meeting.

(1)

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67. COMMENT:

The position of Spain and the GORMAN mill now cotton received by the Yugoslav authorities was agreed. It was agreed that any arrangements in regard to this matter should pass through the hands of the Committee.

J. R. SMOOTH, MAJOR,
D. A. & Q.M.G. (P. & T.),
Secretary,
Joint Shipping Committee.

DMT.

DISTRIBUTION:

1. Secretary, Inter Economic Committee.
2. D. A. & Q.M.G., MEF (P. & T.).
3. A.D.C. (O.V.), MEF (P. & T.).
4. Shipping Adviser, U.K. Delegation, MEF (P. & T.).
5. Director of Public Works, Middle East, Sub-Commission, Cairo.
6. Civil Division, Control Sub-Commission, M.E., Cairo.
7. Liaison, Sub-Commission, M.E., Cairo.
8. Public Safety Officer, U.K. Delegation, MEF (P. & T.).
9. File.
10-100. Joint Shipping Committee Meeting.

2400

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APPENDIX "C"

COPY NO. 40

JOINT ECONOMIC COMMITTEE
HEADQUARTERS, ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

JOINT ECONOMIC COMMITTEE
Transportation Sub-Committee - Minutes

45. The sixth meeting of the Transportation Sub-Committee was held at 1700 hours on Monday 1st October 1945, at HQ Allied Military Government, XIII Corps, Trieste.

PRESENT

Chairman - Colonel A.H. Barley, O.B.E.

Members - Lt-Col G.W. Brown
(for Lt-Col H.D.Phillip, absent)

Mr. Burlini, Maksimilijan
Mr. Ursic, Franc

In Attendance - Colonel C.H. Barnett
Lt-Col L.C. Pannell
Lt-Col D.C.I. Reynolds

Maj Sladko, Maks
Dr. Leskova, Leon
Mr. Rebolj, Marko

46. The minutes of the fifth meeting of the Transportation Sub-Committee were approved.

47. Restoration of Train Service St. LUCIA TOLMINO - AUZZA

The Jugoslav members asked whether through running of trains from St. LUCIA TOLMINO to AUZZA, suspended by Allied Military Government, could be restored. The Sub-Committee considered this point should be handled by the Joint Operating Committee.

48. Train Service on the AIDUSSINA Branch

The Jugoslav members stated that they considered the train service on this branch should be increased. The Sub-Committee considered this question was one for the Joint Operating Committee.

49. Repair of Railway : GORIZIA - AUZZA

2390 The Chairman gave details of the work involved in putting this line into a satisfactory state of repair: this included the permanent repair in concrete of three bridges (at km points 58.79, 68.161 and 80.305), and a semi-permanent repair in steel of the 8-arch viaduct across the ISONZO at km point 76.650 near CANALE d'ISONZO.

The whole work was estimated to take six months (after allowance for the time needed to let contracts) and involved, in the case of the ISONZO

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PRESENT

Chairman	-	Colonel A.H. Earley, O.B.E.
Members	-	Lt-Col G.W. Brown (for Lt-Col H.D.Phillip, absent)
		Mr. Gurlind, Maksimilijan
		Mr. Ursic, Franc
In Attendance	-	Colonel C.H. Barnett
		Lt-Col L.C. Pennell
		Lt-Col D.C.I. Reynolds
		Ing Slejko, Maks
		Dr. Debeva, Leon
		Mr. Rebolj, Marko

46. The minutes of the fifth meeting of the Transportation Sub-Committee were approved.

47. Restoration of Train Service St. LUCIA TOLMINO - AUZZA

The Jugoslav members asked whether through running of trains from St. LUCIA TOLMINO to AUZZA, suspended by Allied Military Government, could be restored. The Sub-Committee considered this point should be handled by the Joint Operating Committee.

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The whole work was estimated to take six months (after allowance for the time needed to let contracts) and involved, in the case of the ISONZO viaduct at km 76.650, the use of military resources of personnel and materials which could not at present be spared.

The Jugoslav members then suggested a modified scheme, involving only the repair of the bridge near PLAVA (km 68.161), making use of steel girders already on site and of steel trestling shortly to be rendered surplus from the SABLICE bridge repair (near DUINO on the main line from TRIESTE to MONFALCONE): they suggested that traffic could be maintained over the two bridges at km 58.79 and km 80.305 without any further work, and that the repair of the ISONZO viaduct at km 76.650 be left in abeyance, a shuttle road service to be run to cover the gap thus left in the route. The Allied members agreed to examine this proposal, and would endeavour to give a reply at the meeting of the Joint Economic Committee on 5 October. ...../The Chairman asked..

(1)

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The Chairman asked the Jugoslav members to state what traffic they required to move over the line if it were repaired. The Jugoslavs replied that the line was needed to give access to GORIZIA from isolated valleys in the Jugoslav zone of VENEZIA GIULIA.

50. Supply of Wagons for UNRRA Traffic (ref Min 39).

The Chairman gave details of the reply from Allied Force Headquarters to the Jugoslav request for assistance, as follows:

(a) The shortage of rail wagons which was being experienced by the Jugoslavs, as a result of the longer turn-round within JUGOSLAVIA, was fully realised. It was however beyond the powers of Allied Force Headquarters as a military headquarters to authorise the transfer of wagons from ITALY to JUGOSLAVIA.

(b) It should be noted that there was also a serious shortage of rolling stock in ITALY where the majority of wagons was being used for movement on military account. It would not be possible to spare any wagons from ITALY without interfering with essential civil programmes.

(c) The Jugoslav Government must present its case to UNRRA and/or the Allied Governments through diplomatic channels that the shortage of rolling stock was causing economic hardship within JUGOSLAVIA, stressing the urgency of the request.

(d) It was understood that JUGOSLAVIA would join the European Central Inland Transport Organization formed in LONDON on 27 September 1945. The Jugoslav Government should present a detailed statement of its rolling stock position to that organization at an early date.

(e) As regards wagon shortages which might arise from bunching in the arrival of UNRRA ships at TRIESTE, an even flow of wagons to JUGOSLAVIA would be maintained as far as possible by holding stores in transit sheds at TRIESTE. In such circumstances, however, The Director Allied Military Railway Service would allow the agreed balance of 200 wagons to the Jugoslavs to be temporarily exceeded as on previous occasions.

51. The meeting concluded at 1800 hours 1st October.

2392

J.R. SNOWDEN
Major, DAQMG
Secretary
Joint Economic Committee

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(a) The shortage of rail wagons which was being experienced by the Jugoslavs, as a result of the longer turn-round within JUGOSLAVIA, was fully realised. It was however beyond the powers of Allied Force Headquarters as a military headquarters to authorise the transfer of wagons from ITALY to JUGOSLAVIA.

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2392

J.R. SNOWDEN
Major, DAQMG
Secretary
Joint Economic Committee

DISTRIBUTION

1. Chairman, Joint Economic Committee.
2. DA & QMG, XIII Corps.
3. AQMG (Mov) XIII Corps)
4. Economic Adviser, XIII Corps.
5. Director, Public Works & Utilities Sub-Comm., H.Q. AICOM
6. Coal Division, Commerce Sub-Commission, H.Q. AICOM
7. Industry Sub-Commission, HQ AICOM
8. Public Relations Officer, AMG XIII Corps.
9. File
10 80 Agenda - Joint Economic Committee Meeting.

(1)

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APPENDIX "D"

Copy No 40

JOINT ECONOMIC COMMITTEE
HEADQUARTERS ALLIED MILITARY GOVERNMENT
XIII CORPS, TRIESTE, ITALY

JOINT ECONOMIC COMMITTEE
Finance Sub-Committee - Minutes

1. The first meeting of the Finance Sub-Committee as separate from the Industry and Commerce Sub-Committee was held at 0930 hours 2 October 45.

PRESENT

Chairman	-	Capt.W.C.STUART	-	FO HQ,AMG, 13 Corps
Members	-	Mr.Simon BERLIC	-	Jugoslavia (Financial Adviser)
		Dr.Fran. TONCIC	-	Jugoslavia (Financial Adviser)
In attendance	-	Lt-Col.PANNELL	-	AD TN (F)

MINUTES OF THE INDUSTRY & COMMERCE SUB-COMMITTEE

2. The minutes of the Industry and Commerce Sub-Committee were received and minutes 46 and 49 to 53 affecting the Finance Sub-Committee were studied.

MOVEMENT OF CURRENCY BETWEEN ZONES A & B

3. The Jugoslavian Delegation stated that the agreement as shown in minute 46 of Industry & Commerce Sub-Committee meeting on 4 Sep 45, has been carried out in Zone B.

OPENING OF JUGOSLAV STATE BANK

4. The Jugoslav representatives acknowledged receipt of the direction by AMG Chief Finance Officer re application for opening of the Istituto Finanziaro Sloveno, per minute 50 of the 4 Sep, Sub-Committee meeting and No 60 of the Joint Economic Committee, 6 Sep 45. Conformity with the laws in question was proving very difficult of interpretation and direct contact with AMG would be made on this point.

It was stated by the Chairman that agreement to the continuance of the "status quo" had been conditional on immediate submission of the application (minutes 60 of JEC, 6 Sep). In particular, the use of

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premisesin an existing bank could not conveniently be continued; the Jugoslav representatives undertook to take every possible step towards finding other premises.

BANKING

5. The Jugoslavian Delegation stated that minute 5C of the Industry and Commerce Economic Sub-Committee meeting was not being completely observed in Zone A, and that detailed examples would be provided.

The Chairman stated that all the necessary arrangements had been made in Zone A and any failure brought forward for examination would be dealt with. The one complaint of which particulars were given would be reported on at the next meeting.

ITALIAN STATE PENSIONS

6. In reply to the question at the previous meeting as to whether the Italian State pensions were being paid in Zone B, the Jugoslavian Delegation stated that no information could be given on this matter, but that there had been no complaints so far.

SOCIAL INSURANCE

7. The Jugoslavian Delegation stated that Social Insurance had been working since August 1945 with validity from 1 May 45. The Chairman stated that any documents required by the Jugoslavian Authorities which would assist in this matter would be supplied. The Jugoslavian representatives agreed that similar assistance should be given for insured persons in Zone A from Zone B, if it was needed.

RESIDENT JUGOSLAV MEMBER

8. Dr. Tondic, who is residing in Trieste, recorded that his services were available in daily matters dealing with liaison between Zones A and B so that time could be saved. His address is via XXX Ottobre 13, Tel.55-69.

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COMMERCIAL INSURANCE COMPANY FIUME

9. The Chairman reported that the Insurance company referred to in Minute 6(a) of the Joint Economic Committee of 6 Sept 45 was "LA FIUME" and asked whether the Jugoslav delegates could now deal with the enquiry. The Jugoslav delegates had no information but would report as fully as possible at the next meeting and inform the sub-committee whether records and files could be made available in respect of insurance contracts outside of B Zone.

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FOREIGN EXCHANGE

10. Both the Allied and Jugoslavian parties have presented the proposal concerning foreign exchange to higher levels in accordance with minute 53 of sub-committee meeting of 4 Sept 45. There were no further questions.

DEPOSITS IN BANKS OF VALUABLES OF ALLIED P.O.W.

11. A request was submitted by the Chairman to the Jugoslavian Delegation, that an investigation should be made to learn if any valuables or money belonging to Allied Prisoners of War were deposited in any of the banks in Zone B.

The Jugoslav Delegation said that investigations would be made and a reply given at the next meeting as to any accounts of this kind in existence in Zone B.

The Chairman passed to the Jugoslavian Delegation, for information, the address of HQ Allied P.W. Repatriation Unit.

NEW CURRENCY IN ZONE B

12. The Chairman asked if there were any changes in currency arrangements in Zone B, as the currency position of Venezia Giulia as a whole might be affected in such event.

The Jugoslavian Delegation stated that there is at present no difference. A plan is being put forward for new currency but details are not yet available.

The Jugoslavian Delegation asked if there was any information as to the quantity of currency in circulation in Zone A.

The Chairman stated that no information had been obtained on this matter.

J.R. SNOWDEN,
Major, DAQMG,
Secretary,
Joint Economic Committee.

DISTRIBUTION:
1. Chairman, Joint Economic Committee.
2. DA & QMG, XIII Corps.
3. Economic Adviser, HQ AMG XIII Corps.
4. Finance Sub-Commission, HQ AICOM.
5,6,7, Area Commissioners (for AFO's).
8. Chief Finance Officer, AMG XIII Corps.
9-100 Agenda - Joint Economic Committee Meeting.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

LIST OF PAPERS

File under No. .....

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS

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0990