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ITALIAN FOREIGN TRADE
JAN. 1945 - JUNE 1946

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Chief Commissioner

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62	AC/5203/RCL/Imp/C Tooby	23 Nov 45	All Conc.	Reserved Commodity List
63	Cbl FX 54140 SACMED	23 Nov 45	AGWAR	Italy-Swiss payment agreement
64	Cbl FX 54295 SACMED(mat 229)	24 Nov 45	AGWAR	Italian external insurance transactio
65	Ltr S. 10651 Parri	26 Nov 45	Stone	Establishing increased coefficient
65a	Ltr 715/57/45 CD Charles	26 Nov 45	Stone	It Govt plan for export financing
66	Ltr 13262/F Timmions	29 Nov 45	CC	Italy-Swiss payment agreement
66a	AC/5203/ROL/IMP/Com Tooby	29 Nov 45	All Conc	Reserved Commodity List
67	Cbl F 55012 SACMED	30 Nov 45	AC	Italians Hides
68	Cbl 8875 MOC392 Econ.	30 Nov 45	AGWAR	Italian export to Sweden
68a	Ltr EX/2032 Cleveland	30 Nov 45	Min Ind&Com	In Re your plan for 1946
69	Ltr Kirk	3 Dec 45	Stone	US private trade with Italy Enclo: Note Verbale 325 1 Dec
69a	Cbl FX 55387 SACMED	4 Dec 45	AC WAR	MAT 959 It Govt import-export finance
70	Ltr Stone	6 Dec 45	Kirk	Acknowledge ltr of 3 Dec
71	Cbl 9075 MOC 403 Tooby	6 Dec 45	AGWAR	Private trade between Italy and World
71a	Cbl 8914 HQ AICOM	7 Dec 45	AFHQ	Italo-Austria Trade Conference
72	Ltr Kirk	12 Dec 45	Stone	Note Verbale Italian-Swiss Comm & Fin. Agreement
72a	Cbl 34607 The War Office	13 Dec 45	AC	Private trade between Italy and World
72b	Cbl GHQ CMF	13 Dec 45	CC	Italo-Austria Trade Conference
73	Ltr Stone	14 Dec 45	Kirk	Note Verbale Italian-Swiss Comm &Fin. Agreement
73a	Ltr 13106/F Stone	16 Jan 46	G-5 AFHQ	Italian Rates of Exchange
74	MOC Airgram 126 Cleveland	18 Dec 45	CCAF	International Trade Negotiations
74a	MOC Airgram 129	21 Dec 45	CCAF	Italo/French negotiations for pyrites

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42	SAC (45) 6th Meeting	27 Sep 45	(Min. 4)	Spanish-Swiss trade via NW It ports.
43	AC/5201/2/Imp/Commerce	4 Oct 45	Min Fgn Affs	Italian Economic agents with France.
44	AC/5201/2/ Imp/Commerce	10 Oct 45	Minister of Indus & Comm.	Importation of Phosphate Rock from Tunisia.
45	Cbl AC Comm S/C. 6871	10 Oct 45	Gov. of Malta.	Trade Delegation to Sicily.
46	Cbl AC Comm S/C. 6872	10 Oct 45	AFHQ	Malta/Sicily Trade.
47	AC/5201/2/Imp/ Commerce	17 Oct 45	Livengood	It-Fr trade. Pyrites/Phos Rock.
48	AC/5201/2/IMP/Commerce	17 Oct 45	Ind. S/C	Phosphate rock supplies.
49	AC/5203/RCL/Imp/General	18 Oct 45	Dist List	Reserved Commodity Lists.
50	Cbl C 29874, AFHQ,G/A	19 Oct 45	USFA, AC	Italo-Austrian trade.
50a	Ltr Kirk	19 Oct 45	Stone	Italy-U.S. Note Verbale inclosed
51	Ltr Stone	22 Oct 45	Ambas Kirk	Italo-US trade.
52	Ltr AC/5201/2 Cent	24 Oct 45	Trun. S/C	Phosphate Rock
53	Ltr Parri	27 Oct 45	Stone	Resumption of International Trade
53a	Cbl 82834 CA 16 TROOPERS	2 Nov45	AC	Italian import of Rosin
54	Cbl 8103 Eco Sec	8 Nov 45	TROOPERS	French Italian agreement phosphate and pyrites
55	Ltr AC/5201/2/Imp/comm	8 Nov 45	Trun. S/C	Phosphate Rock
55a	AC/5203/RCL/Imp/Commerce	8 Nov 45	All Conce	Reserved Commodity List
56	Cbl FX 52656 SACMED	10 Nov 45	AFHQ	Italian inport export financial policy
57	2471 Cbl 8339 Eco. Sec.	14 Nov 45	AFHQ	Italo-Austrian Trade
58	Ltr 13106/F Stone	14 Nov 45	Charles	Italian Govt plan for export financing
59	Ltr AGR/71 Stone	19 Nov 45	Parri	Procedure consi ning inported supplies
59a	Cbl F 53643 AFHQ	19 Nov 45	AC	ITalo-Swiss payments agreement
60	Cbl Cleveland	20 Nov 45	Dort & Hunt	Italo - Swiss Trade
60a	Cbl 8596 Econ. Sec.	20 Nov 45	AFHQ	Italo-Swiss payment agreement
61	Ltr 388/a.t./D/17 Cronchi	21 Nov 45	Stone	Industrial Imports for 1946

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28	655/102/Tn.3, Stone	16 Aug 45	Parri	Franco-Italian agreement on phosphate rock importation.
28a	Br Emb, Nosworthy	16 Aug 45	Finance S/C	Trade agreement Italo-Swiss.
29	Cbl Troopers, 68048 CA16	20 Aug 45	AC, AFHQ, CCS	Phosphate rock UMA London ex N.Africa
30	655/103/Tn.3, Stone	21 Aug 45	French Amb.	Franco-Italian agreement on phosphate rock imports.
31	Parri, 588 ,	21 Aug 45	Stone	Franco-Italian agreement on phosphate rock imports.
32	Parri, 588	23 Aug 45	Stone	Franco-Italian agreement on phosphate rock imports.
32a	Memo, Econ, Walton	25 Aug 45	CC	Italo-Swiss trade agreement.
32b	21.08/ES, Densmore	28 Aug 45	Ex C	Italo-Swiss trade agreement.
33	Ltr, Stone	29 Aug 45	Parri	Franco-Italian agreement on phosphate rock imports.
34	5831/13/EC, Arnoldy	1 Sep 45	Econ Sec	Italo-Swiss trade agreement.
35	5203/Gy/Imp/Commerce	6 Sep 45	Ven Reg	Italian-owned goods in Germany and Austria.
+ 35a	SAC (45) 5th Meeting	6 Sep 45	(Min. 6)	Spanish-Swiss trade via NW It ports.
35b	Ltr, de Gasperi	6 Sep 45	Stone	Italo-Swiss irregular trading.
36	21.08/ES, Walton	10 Sep 45	Nosworthy	Italo-Swiss trade agreement.
37	Cbl Ligirua, 893	11 Sep 45	AC	Italo-Swiss trade held up.
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38	ES/21.08, McKinley	13 Sep 45	Supply Div	Italo-Swiss barter-trade.
38a	Cbl AC Econ, MOC-298	15 Sep 45	CCS	Rock phosphates, allocation to Italy.
39	467/30/Tn.3, Stone	17 Sep 45	Parri	Italo-Swiss import-export trade via Ports of Genoa and Savona.
40	ES/21.08, McKinley	18 Sep 45	de Gasperi	Italo-Swiss irregular trading.
40a	6/3454/1635 Min Fgn Aff	20 Sep 45	AC	Economic negot's with France.
41	Cbl AC, MOC-306	22 Sep 45	CCS	Rock phosphate for Italy.

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16	5127/A/Commerce,Antolini	18 Apr 45	Minister Ind, Com & Labor	US-UK agreed policy regarding exports from Italy.
17	5127/F/Commerce,Stone	20 Apr 45	Bonomi	Trade between It and France. INCL: Memo on Franco-It Trade,18 Apr.
17a	SAC's Econ Subcommittee	11 May 45		Proposal for It-Allied Trade Committee
18	1459, Gronchi	17 May 45	Stone	Trade between It and France.
19	SAC Econ Subcommittee	22 May 45	7th Meeting	It-Allied Trade Committee;current status of Econ barrier;estab by CLNAI of retribution bonus; Industrial Advisory & Production Board
20	5127/A/Commerce,Stone	13 Jun 45	French Amb.	Franco-Italian Trade.
21	E/S Memo No. 13	14 Jun 45	Econ Staff	Responsibility of AC in matters concerning Italy's foreign trade.
22	Ltr 625 de Marville	3 Jul 45	Stone	No objection to direct negotiations French-Italy trade. Need phosphates & pyrite.
23	Ltr McKinley	10 Jul 45	De Marville	Pyrite being expedited. You should speak directly for necessary.
24	de Gasperi, 13138	14 Jul 45	Stone	Inconveniences in system of commercial negotiations.
25	21.03/ES, Walton	19 Jul 45	PRB	Parri Statement on Foreign Trade.
26	5127/A/Commerce,Stone	24 Jul 45	de Gasperi	Inconveniences in system of commercial negotiations.
27	de Gasperi, 14420/32	1 Aug 45	Stone	Inconveniences in system of commercial negotiations.

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1	Exec Memo #83 (Revised)	23 Jan 45		Customs Duties
2	13031/F, Lawler	7 Feb 45	CC	Article fr 'Fortune' Mag: "The Great Transition", by E.V. Rostow
3	ES/3.20, Cleveland	14 Feb 45	CC	Trend of foreign econ policy in U.S.
4	ES/13.03, Stone	16 Feb 45	Kirk & Charles	Memo on trade between It and neutral countries, to be presented to IG, for comments.
5	Ltr British Embassy 708/3/45.C.D.	17 Feb 45	Stone	Agree to discussions to be held with IG on trade between It & neutral govts.
6	ES/13.03, Stone	19 Feb 45	Bonomi	Trade Between It and France. INCL: Memo, ES, dtd 9 Feb 45 same subj.
7	ES/13.03, Stone	21 Feb 45	Kirk	Unless you advise otherwise Econ Sec will discuss with IG trade w neutrals.
8	Ltr Alex Kirk	21 Feb 45	Stone	Have request State Dept views on IG trade with neutral countries.
9	CC 4004, Quayle	22 Feb 45	Econ Sec	Kirk's ltr forwarded.
10	Ltr Alex Kirk	22 Feb 45	Stone	Request Econ keep Livengood informed on discussions.
11	Mr G. Manni	22 Feb 45	Stone	Constitution of Assn Firms for Overseas Trade (Gen Merchants)
12	ES/13.03, Stone (Lush) 2477	28 Feb 45	French Amb. to It.	Trade between Ig and France.
12a	5199/Commerce	16 Mar 45		List of controlled materials.
13	Col AFHQ, FX-48401	23 Mar 45	AGWAR, BCS, AC	Accounting for It imports & exports.
14	Bonomi, 42/03914/11	27 Mar 45	Stone	Trade between It and France, comments
15	Newspaper article	30 Mar 45		"All foreign trade (It) centralized in one Ente".

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27 June 1946.

Dear Sir:

Receipt is acknowledged of your letter dated 12 June forwarding a copy of the Plan for Reparations and the Level of Post-War German Economy as decided by the Allied Control Council on 26 March 1946.

The suggestion that this plan be brought to the attention of the appropriate officials of the Italian Government will be complied with.

Very truly yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

U.S. Political Adviser for Germany,
Office of Military Government for Germany (US),
APO 742 - U.S. Army.

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Copy to: Economic Section
Executive Commissioner

Please have the Economic Section present the attached to the attention of the appropriate officials of the Italian Government.

E.W.S.
CC

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13106/F. 16 January 1946.

SUBJECT : Italian Rates of Exchange.

TO : Assistant Chief of Staff, G-5,
AFHQ.

1. I refer to our letters 13106/F of 7 November 1945, and 13091/F of 29 November 1945, regarding the institution by the Italian Government of an export premium and import surcharge program for the financing of foreign trade, using a standard coefficient of 225 lire equal one dollar.

2. We now understand that the Italian Minister of the Treasury has agreed to apply a "diplomatic rate", which is also 225 lire to the dollar, to the conversion into lire of the salaries of personnel of the U.S. Embassy, Rome. We understand that this same rate will be extended to other Embassies that produce current foreign exchange for Italy. In view of the possible repercussions among Allied Military personnel when this application of a more favorable rate than the official one becomes public, it is suggested you may wish to bring the contents of this letter to the attention of the Deputy Paymaster-in-Chief, AFHQ., and Fiscal Director, ATOUSA.

3. It is also understood informally from the U.S. Embassy, Rome, that Washington has the whole problem of the diplomatic and export rates in relation to the troop pay rate under consideration and that negotiations may be begun with the Italian Government for the extension of the more favorable rate to troop pay. We would appreciate your keeping us closely advised of any developments

S/ENS

HENRY T. STONE,
Rear Admiral, USN,
Chief Commissioner.

Copy to : U.S. Embassy.
British Embassy.

[redacted]

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Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION

MOC AIRGRAM ~~Ltrs~~ 129 : 21 December 1945

TO : Combined Civil Affairs Committee
(for Combined Liberated Areas Committee)
30-866 Pentagon Building
WASHINGTON, D.C. (15 copies)

SUBJECT : Italo/French negotiations for pyrites.

REFERENCE : COM 69, COM 127, COM 148.

1. For reasons which will be made apparent, it is necessary to submit to the Combined Liberated Areas Committee, an Italian claim for the upward revision of the price of 100,000 tons of pyrites which it has been agreed to deliver to France. This procedure is in accordance with the provision of para 2 of TAM 456. It is realised, of course, that pyrites are not now a controlled commodity, but they were controlled during the period of the negotiations between France and Italy.

. . . . . .

2. Reference is made to the following allocations of phosphate rock and pyrites :

500,000 tons of phosphate rock from French North Africa to Italy for year July 1945 to June 1946.

. . . . . .

100,000 tons of pyrites from Italy to France

. . . . . .

3. Negotiations between the French commercial attache in Rome and the Italian Government, were started in July of this year, but it was not until

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Liberated Areas Committee, an Italian claim for the upward revision of the price of 100.000 tons of pyrites which it has been agreed to deliver to France. This procedure is in accordance with the provision of para 2 of TAM 456. It is realized, of course, that pyrites are not now a controlled commodity, but they were controlled during the period of the negotiations between France and Italy.

2. Reference is made to the following allocations of phosphate rock and pyrites :

500,000 tons of phosphate rock from French North Africa to Italy for year July 1945 to June 1946.

100.000 tons of pyrites from Italy to France

3. Negotiations between the French commercial attaché in Rome and the Italian Government, were started in July of this year, but it was not until October that an agreement was finally reached.

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This agreement had the following basis :

a) France undertook to see to the immediate shipment of a quantity of phosphate rock corresponding in value to 100,000 tons of pyrites plus 11,068 kilos of bergamot oil which would be supplied by Italy as counterpart to the phosphate rock.

b) The price of the 100,000 tons of pyrites would be provisionally fixed, as requested by the French commercial Attaché, at 800 lire per ton, with the understanding, however, that the fixing of the

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definite price will be referred to the appropriate authority in Washington for arbitration.

4. Here, it should be made clear that there is no dispute regarding the prices to be paid for the French phosphate rock. The Italian Government accept the prices fixed in the previous contract of 17 May, 1945. Pending the establishment of the final quantity of phosphate rock to be supplied, the French have agreed to ship 100,000 tons of phosphate rock, but it is extremely important that an early decision may be made on the question of the pyrites price so that arrangements may be made for lifting further quantities, if necessary.

5. It is considered appropriate to submit this case in the form of three parts as indicated in the following index:

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HARLAN CLEVELAND
Acting Vice-President

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PART III -A.C. recommendations. 38

HERBERT CLEVELAND
Acting Vice-President
Economic Section

See distribution list attached.

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PART I

Outline of the Negotiations in connection with the Supply of Phosphate Rock from French North Africa to Italy.

1. Since the invasion of Italy, the supply of phosphate rock from French North Africa to Italy can be divided, chronologically and commercially, into three phases :

(i) The period from July 1944 through December 1944, when supplies were the subject of Allied requisition.

(ii) The period from January 1945 through June 1945. During this period, on direct orders from Paris and because of French dissatisfaction with the price being paid currently, the programme of shipments was arrested in March and, after the signing of a retroactive contract, was resumed late in May.

(iii) The period from June 1945 to date of which five months were spent in protracted negotiations between the Italian Government and the French: negotiations which have resulted so far in the loading of only 7,000 tons of phosphate rock, but which provide for a further 93,000 tons to be shipped by the end of February 1946.

2. In order to present clearly the progressive steps by which the current agreement was reached, it is considered necessary to outline briefly below the salient events of the first two phases mentioned in para. 1 above, and to recount, chronologically and in rather greater detail, the actual negotiations during the third phase.

i) July 1944 to December 1944

In April 1944 a requisition was placed by Allied

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price being paid currently, the programme of shipments was arrested in March and, after the signing of a retroactive contract, was resumed late in May.

(iii) The period from June 1945 to date of which five months were spent in protracted negotiations between the Italian Government and the French; negotiations which have resulted so far in the loading of only 7,000 tons of phosphate rock, but which provide for a further 93,000 tons to be shipped by the end of February 1946.

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i) July 1944 to December 1944

In April 1944 a requisition was placed by Allied Commission for the supply of 8200 tons of phosphate rock per month. In May 1944, and in support of this requisition, allocation of the appropriate amount of phosphate rock from North Africa to Italy, was requested from Washington. A small shipment was made in August but none was made in September, though the shipments were given formal approval by the granting of an allocation of 100,000 tons by the Combined Boards, as a result of strong representation by A.C. (Industry Sub-Commission) deliveries were speeded up in October (11,000 tons), increased to 30,000 tons in January and continued at a slower rate until March.

It should be mentioned that the financial arrangements were not covered by a commercial agreement

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PART I

but by an exchange of letters between UKCC, North Africa, and the French authorities in Algiers, in the course of which it was arranged that the total value of the phosphate to be delivered up to the end of the year, charged at agreed prices, should be debited to Italy in the Italian/French Memorandum account and that the "agreement" could be cancelled immediately and at any time by either the seller or the buyer, except for the ships loading.

ii) January 1945 to June 1945

Deliveries of phosphate rock, in accordance with the exchange of letters to which reference has already been made, continued smoothly until March of 1945, when advice was received that pending an agreement on the upward revision of prices, the French Government had ordered the suspension of shipments.

On April 7, 1945, a meeting was arranged between the French Commercial Attaché, several representatives of the Italian Government, and two members of Allied Commission for the purpose of discussing the establishment of a contract which would enable shipments of phosphate rock to be resumed.

At this meeting it was decided that the Italians should make a firm bid for 100,000 tons of phosphate rock for the period April '45 through June '45 at a price of 800 lire per ton f.o.b. (against the old, precontract price of 618 lire per ton).

The French Commercial Attaché undertook to cable the Italian proposal to Paris and notify the result within two or three days.

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The French Commercial Attaché undertook to cable the Italian proposal to Paris and notify the result within two or three days.

In fact, there were no further developments until 12th May, when the French Commercial Attaché, returning from a visit to Paris, advised A.C. that he had brought with him a contract at prices in excess of those offered by the Italians at the meeting on 7th April.

Accordingly, a meeting was arranged for 16 May at which were present the French representatives, including an official from the Compton des Phosphates of North Africa, with Representatives of the Istituto Commercio Estero, Montecatini, various Federazioni and Consorzi, together with a Representative of A.C.

The governing factor in settling the terms of the contract were :

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a) QUANTITY : French records available showed the following position :

100,000 tons allocated to Italy by Washington
36,500 tons shipped up to 31 of December 1944
63,500 tons balance at 1 January 1945
39,400 tons shipped between 1 January 1945 and 30 April 1945.
24,100 tons balance of allocation still to be shipped.

b) PRICE : The French stated that the increased prices came into force as from 1 January 1945 and that therefore shipments made between 1 January and 30 April should be charged at the new prices.

The contract, drawn up to conform with the above facts for the undelivered balance as at 1 January of 63,500 tons was signed on 17 May 1945. This was to complete the quantity of phosphate rock under allocation, it being stipulated that the tonnage shipped since 1 January (39,400 tons) would be applied against the total. This left a balance of 24,100 tons to be shipped before 30 June 1945 which was duly done.

During the early part of the year, the French had been making enquiries for a supply of Italian pyrites though, at that time, there was no suggestion that the pyrites was in any way connected with, or contingent upon, the supply of phosphate rock. On 13 April, the CFB and CRMB confirmed that Italy should meet French requirements for pyrites, which were interpreted to be about 50,000 tons.

iii) June 1945 to Date

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iii) June 1945 to Date

After the conclusion of the phosphate contract on 17 May, the Italians immediately gave consideration to the further supplies which they would require after the expiration of the contract, while the French pursued their enquiries for pyrites. The French asked for 100,000 tons of pyrites and, on 5 June, were authorized to obtain 50,000 tons from Italy, while consideration would be given to their further needs.

On 13 June final estimates of the Italian phosphate rock requirements for July 1945 through June 1946 amounting to 700,000 tons were notified to the Combined Boards in MOC 171.

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On 21 June, the resultant allocation of 500,000 tons of rock from French North Africa to Italy was received in COM 127.

Accordingly, on 23 June, the French Embassy and the Italian Government were advised of this allocation and were recommended to arrange a contract without delay.

On 27 June, as MWT were faced with immediate call for the return of ships to UK, the Italian Government were asked to prepare and submit a shipping schedule covering the total allocation of phosphate rock.

On 30 June, it was again stressed by AC, to both French and Italian authorities that for pressing reasons of shipping demands, it was imperative that an early agreement should be reached.

It was on 3 July that the French Ambassador, in confirming the readiness of the French to commence direct negotiations with the Italian Government, first linked the supply of pyrites by the Italians with the sale of phosphate by the French, though it was not stipulated that the proposed trade exchanges were interdependant . (Appendix A-copy of French Ambassador's letter to Admiral Stone).

Also on 3 July, the Italian Government, in anticipation of phosphate rock being available for movement to Italy, were informed by A.C. that 27,770 tons of shipping had been provisionally set up for August. In consequence, it was again requested that an agreement should be hastened.

On 4 July, in anticipation of an early settlement of the terms of the expected contract, both

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On 4 July, in anticipation of an early settlement of the terms of the expected contract, both parties were supplied by A.C. with a tentative schedule for the movement of the total quantity of phosphate rock under allocation.

On 5 July, the French Commercial Attaché was notified by A.C. that the amount of pyrites which the Italians could supply would be increased to 100,000 tons. The French were advised to negotiate directly with Italy for the mercury, vegetable seeds, sumac, ect. which they needed. The hope was expressed that an agreement on the phosphate rock supply would be made as quickly as possible owing to the shipping difficulties.

On 9 July the increased allocation to France of Italian pyrites was confirmed to the Italian Government by A.C. which pointed out that the supply of phosphates from North Africa would be facilitated by

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reaching an agreement with the French Government regarding the pyrites and mercury in which they were interested.

On 10 July, Brig. Gen. McKinley, replying to the French Ambassador's letter of 3 July, confirmed that pyrites and mercury were available and that the Italian Government had been asked to take prompt steps to satisfy their requirements. Further, it was "assumed that no obstacle now stands in the way of agreement being reached for the supply of 500,000 tons of phosphate rock to Italy". (Appendix B).

On 13 July, a meeting took place between M. Gabriel, the French Commercial Attaché, and a Representative of the Italian Foreign Ministry. Details of the discussion are not on record, but reference to the meeting is made in an exchange of letters between the French and Italians, of which translations are attached as appendices :

C1 - letter dated 21 July, Ministry of Industry, Commerce and Labour to French Embassy, and

C2 - letter dated 26 July, French Commercial Attaché to Ministry of Industry, Commerce and Labour. Also attached is

C3 - letter dated 26 July, French Commercial Attache to Commerce Sub-Commission A.C.

The first two of these letters are of great significance for they clarify the Italian demands for

(a) The supply of phosphate rock by the French to be offset partly by the shipment of 100,000 tons of pyrites in the ratio 3 tons of phosphate rock

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The first two of these letters are of great significance for they clarify the Italian demands for

(a) The supply of phosphate rock by the French to be offset partly by the shipment of 100,000 tons of pyrites in the ratio 3 tons of phosphate rock equals in value 1 ton of pyrites.

(b) Shipments of pyrites and phosphate rock to be made concurrently, at the same time maintaining the ratio mentioned above.

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On the other hand, the French point out that obvious difficulties stand in the way of maintaining a strictly balanced trade; a point of view which they had believed the Italians had accepted. The French point out that they had understood the basis for an agreement had been established during their first meeting with Sig. Grazzi, and that they had submitted the agreed framework of this agreement to Paris. Details were quoted as :

1) Delivery by the French, beginning 1 August of a first lot of 2/300,000 tons of phosphate rock.

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2) Delivery by Italy, at least up to the same value as the phosphates, of commodities to be chosen among the following :

Pyrites	up to	100,000 tons
Mercury	up to	4,000 bottles
Bergamot Oil	up to	11-1/2 tons (balance still to be supplied out of 14 tons bought by Allied Commission for France).
Sulphur		quantity to be indicated further.

The significance of this letter can best be gauged by comparing the proposals apparently then agreeable to the French Commercial Attache with the terms of the exchange arranged ultimately in October which, subject to a clause permitting price adjudication, gives phosphate rock a higher value per ton than pyrites.

No further progress having been made by 16 August, the Chief Commissioner addressed a letter in similar terms to the Italian President of the Council of Ministers and to the French Ambassador (Appendix D).

These letters strongly emphasized the urgent need for agreement between the French and Italian Governments in order to avoid prejudicing further the shipping position in the Mediterranean.

On 20 August, another meeting was effected between the Italian and French Representatives, at which were present officers from the Commerce and Transportation Sub-Commissions.

By this time it was apparent that one of the [illegible] was the establishment of a

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On 20 August, another meeting was effected between the Italian and French Representatives, at which were present officers from the Commerce and Transportation Sub-Commissions.

By this time it was apparent that one of the chief points of contention was the establishment of a mutually acceptable price ratio as between pyrites and phosphate rock. While the discussion did not solve this question, both the French and Italians agreed that shipments of phosphate rock and pyrites should be commenced immediately.

This arrangement was summarized by the Italian Prime Minister in a letter dated 23 August addressed to the Chief Commissioner of A.C. which is translated in full as Appendix E. An extract from this letter, which clearly states the Italian attitude, follows :

" In any case, not to delay the program of transport
" prepared by the Services of the Allied Commission,
" it has been decided, in agreement with the French

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" Delegation, to authorize at once the loading and
" transport of the phosphates from North Africa as
" well as of the Italian pyrites, while deciding that
" the negotiations for a definitive agreement would be
" actively carried on.
" For its part, the Italian Government has already
" ordered the Montecatini Co. that supplies pyrites,
" to be ready to load at Follonica - Portiglioni the
" 100,000 tons allotted to France, to assure the
" quickest possible delivery and make the best
" possible use of the shipping which will be available
" for this end. I hope that this mutual pledge will
" be considered satisfactory by the Allied Commission
" for the end it aims at ....."

This was acknowledged with satisfaction by the Chief Commissioner on 29 August.

Meanwhile, the Italian Government gave the necessary orders to the Montecatini Company to be prepared to load 100,000 tons of pyrites destined for France, and to ensure the quickest possible delivery according to the shipping which would be made available for the purpose.

Allied Commission made an immediate bid for 250,000 tons of shipping for July through December movement of phosphate rock. The French were asked to submit a bid and necessary details for the movement of pyrites to France.

At this stage there was no doubt on the Italian side that the French would implement their undertaking of 20 August.

However, after 10 days, nothing further having been done by the French, it was necessary on the

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At this stage there was no doubt on the Italian side that the French would implement their undertaking of 20 August.

However, after 10 days, nothing further having been done by the French, it was necessary on the 31st of August for Allied Commission to write to their Commercial Attache, explaining the steps which had been taken by the Italian authorities to make the pyrites available, and requesting confirmation that similar action had been initiated by the French to authorize shipment of phosphate rock from North Africa.

In a reply dated 5 September, the French Embassy stated that agreement had not been made on the phosphate-pyrites exchange, but that information was expected from Paris within a week. It was further stipulated that the pyrites should be moved before the end of the year, but no definite information about quantities and destination was given. (Appendix F.).

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This was the first direct intimation to Allied Commission by the French that they were not proposing immediately to fulfil the undertaking which they had given at the 20 August meeting.

In the meantime, on 31 August, the American Embassy in Rome received a cable from the American Embassy in Paris from which it was clear that the French, being still actively concerned over the price of pyrites, had approached the American Embassy to use its good office.

The French explained that they were not prepared to pay the Italian price of 2400 lire per ton when they could buy Spanish pyrites, of admittedly inferior quality, at 700 lire per ton. The French had offered 800 lire per ton for Italian pyrites and inferred that this might be increased to 1050 lire per ton (paraphrase of cable No. 180 as Appendix G).

Details of the dispute were submitted by the American Embassy in Paris to the State Department in Washington.

As it was felt by Allied Commission that it was their definite responsibility to ensure that Washington's allocation of 500,000 tons of phosphate rock for the year 1945-1946 should be implemented, and as there was nothing useful which could have been done immediately to further agreement between the Italians and the French on the pyrites price, on 15 September, a cable (MOC 298) was sent to Washington in which C.C.S. were requested to take action to start shipment of phosphate from Tunisia or from other sources of supply (Appedix H).

At the same time, the French Commercial Attache was requested to give Allied Commission a clear

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At the same time, the French Commercial Attache was requested to give Allied Commission a clear statement of the French position.

On 19 September this statement was received by Allied Commission. It contained a completely new suggestion that the Italians should accept 800 lire per ton as a provisional price for their pyrites, it being stipulated that the price could be referred to Washington for arbitration. In return the French were prepared to supply phosphate rock to the value of the 100,000 tons of pyrites (see Appendix I, letter dated 19 September from the French Embassy to Allied Commission, with attachment, Appendix "J".)

Two days later, on 21 September, the French Embassy advised Allied Commission that the Italian Government had given a negative reply to the proposal outlined

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above. They recalled that the Italians had previously offered to ship pyrites without waiting for agreement on phosphate, and they stated that they no longer considered the purchase of pyrites to be linked to the sale of phosphate. Accordingly, they had officially requested the Italian Government to deliver the 100,000 tons of pyrites allocated by the Combined Boards, at a price of 800 lire per ton, while leaving the Italian Government free to refer to Washington for arbitration on the price to be paid. Furthermore, they undertook to obtain the details necessary for the submission to U.M.A. of a bid for shipping to start the pyrites moving (Appendix K).

During the last week of September, a series of verbal enquiries addressed by Allied Commission to the Italian Government, regarding their attitude to the sale of pyrites at a provisional price of 800 lire (subject to revision through arbitration), elicited the fact that the large difference between the cost of pyrites to the Government and the provisional price which they would receive from the French would involve the Italian Treasury in the provision of a heavy subsidy in order to make the export possible. The Italian Treasury were said to be unable to agree to such a subsidy.

Next, negotiations were started by the Italian Government to ascertain whether the French would sell phosphate for American dollars which it was hoped would be made available by the American Treasury.

Meanwhile, Allied Commission had suggested to the American and British Embassies in Rome that they might request the Emergency Economic Committee for Europe (E.E.C.E.) to give all possible assistance to encourage an agreement between the French and the Italians. This step was notified to C.C.S. with MOC 306 dated 22 September.

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This suggestion did not meet with the approval of either of the Embassies, while the British Foreign Office with telegram Absent 39 of 3 October, advocated non-intervention in "a matter..... in the nature of a trade agreement".

However, on 4 October, a letter was addressed to Allied Commission by the French Embassy in which it was reported that as the Italian Government were prepared to effect the exchange of pyrites and phosphates on the terms already described on 19 September, nothing now opposed the shipment of phosphates from North Africa except approval by Paris. (Appendix L).

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This arrangement was confirmed by the Italian Government with letter dated 5 October, in reply to which Allied Commission stated that the necessary shipping programme for phosphate rock was ready to pass to the shipping authorities as soon as the French should confirm that the loading of phosphate rock had been authorized.

With letter dated 22 October, the French Embassy confirmed the immediate availability of 6000 tons of phosphate rock and on 25 October submitted details for the shipment of pyrites to be made from Italy to France.

Finally, on 7 November, a schedule of availabilities of phosphate rock, to the total of 100,000 tons over the period November 1945 to 28 February 1946, was received from the French Commercial Attache.

All necessary arrangements for the shipping and receiving of this quantity of rock have now been agreed between the Italian interests and the concerned Sub-Commissions of Allied Commission.

II. Summary

It remains - (a) to summarise the present situation in relation to the allocation of 500,000 tons of phosphate rock, and - (b) to enumerate the outstanding problems.

(a) Under the arrangement now in force, the Italian Government are to supply 11,068 kilos of bergamot oil at an agreed price, plus 100,000 tons of

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(a) Under the arrangement now in force, the Italian Government are to supply 11,068 kilos of bergamot oil at an agreed price, plus 100,000 tons of pyrites at a provisional price of 800 lire per ton, or at such price as may be fixed when the matter is referred, through Allied Commission, to Washington.

Against the Italian credits which accrue from the above-mentioned items, France will supply phosphates at the same prices as were embodied in the contract of 17 May. As the total quantity of phosphate to be supplied ultimately cannot be ascertained yet, France have authorized the loading of 100,000 tons of phosphates, but this is not necessarily the final figure.

The contract prices referred to above are:

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1208 lire per ton for 65/68% quality phosphate rock
1008 lire per ton for 63/65% quality phosphate rock
898 lire per ton for 58/63% quality phosphate rock

which shows that, unless there is an upward revision of the pyrites price, phosphate rock 58% quality/pyrites price ratio is now 1-1/8:1, whereas during the years 1935/1940 it varied between 1:1.72 and 1:2.5 with an average of 1:1.92.

(b) Outstanding Problems

i. Whatever the price of pyrites may be ultimately, there will still be a large deficit out of the total allocation of 500,000 tons of phosphate rock.

ii. The problems of assuring for Italy an adequate supply of phosphate rock has only been solved temporarily and partially. It is vital for arrangements of greater scope to be made quickly.

iii. In accordance with the terms of their agreement with the French, the Italians have invoked a clause from the original instructions, dated 18 April 1945, regarding the establishment of prices of category A items. This stipulated that if the Italian Government is not satisfied with this price, the Italian Government may ask Allied Commission for price adjustment. The Italians claim that the pyrites price of 800 lire is inadequate and have submitted a case to support this view. They have requested that this case be put to Washington.

III. The Chemical Industry

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III. The Chemical Industry

Approximately 40 plants for the processing of phosphate rock into superphosphate, are now operative in Italy. The average labour force is between 80 and 100 men, varying according to the season.

The estimated number of employees who are affected if the plants cannot operate through lack of raw material is slightly over 3000.

However, the incidental effects are more far reaching than this for, unless phosphate rock processing is available as an outlet for sulphuric acid, it will be impossible to operate most of the chamber and sulphuric acid plants. This lack of sulphuric acid, in turn, penalizes many local chemical concerns who obtain their sulphuric acid from the surplus product of plants operating chiefly to supply the phosphate rock plants.

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TRANSLATION

APPENDIX "A"

Temporary Government

French Delegation to
the Advisory Council for Italy Rome, 3 July 1945

No. 628

Dear Admiral,

In your letter of June 13th, you kindly let me know that you considered there was no longer anything to prevent direct negotiations between France and Italy for the resumption of trade between both countries.

I acknowledge this communication, and I have the honour of confirming that, on its side, the French Government has no objection against beginning such negotiations.

On the other hand, the Foreign Trade Sub-Commission informed our Commercial Adviser that the Combined Boards have already allotted Italy for the period going from July 1st 1945 to June 30th 1946, a contingent of 500.000 tons phosphates. It insisted on the interest there was in promptly concluding the contract relative to this supply, this for shipping reasons.

The question was submitted to the French authorities in Paris, but in this occasion, I draw your attention on similar requests for supplies on the part of Italy, which were made to the French side, especially for 100.000 tons of pyrites and 150 tons of mercury, about which we shall be most happy if decisions can be made by competent

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between both countries.

I acknowledge this communication, and I have the honour of confirming that, on its side, the French Government has no objection against beginning such negotiations.

On the other hand, the Foreign Trade Sub-Commission informed our Commercial Adviser that the Combined Boards have already allotted Italy for the period going from July 1st 1945 to June 30th 1946, a contingent of 500,000 tons phosphates. It insisted on the interest there was in promptly concluding the contract relative to this supply, this for shipping reasons.

The question was submitted to the French authorities in Paris, but in this occasion, I draw your attention on similar requests for supplies on the part of Italy, which were made to the French side, especially for 100,000 tons of pyrites and 150 tons of mercury, about which we shall be most happy if decisions can be made by competent authorities.

I remain, my dear Admiral,

Yours sincerely,

Admiral STONE
Chief Commissioner
A.C.

s/d S.M. COUVE DE MURVILLE

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PART I

APPENDIX B

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

ERG/oeh

Ref. AC/5127/F/Commerce 10 July 1945

My dear Mr. Ambassador,

Your letter of 3 July, No. 628, addressed to Admiral Stone, has been passed to me for action.

I am enclosing copy of a letter, dated 5 July, from which it will be seen that the question of the supply of 100,000 tons of pyrites has already been under consideration. Instructions have now been sent to the Ministry of Industry and Commerce that they should honor orders received from you to the extent of 100,000 tons.

In regard to the question of mercury, this is a matter for free negotiations between your representative and the Italian Government and it is understood that sufficient availability exists to fill the French requirements.

In view of the above, it is assumed that no obstacle now stands in the way of agreement being reached for supply of the 500,000 tons of phosphate rock allocated to Italy.

A request has been passed to the Italians by this Headquarters that prompt steps be

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In regard to the question of mercury, this is a matter for free negotiations between your representative and the Italian Government and it is understood that sufficient availability exists to fill the French requirements.

In view of the above, it is assumed that no obstacle now stands in the way of agreement being reached for supply of the 500,000 tons of phosphate rock allocated to Italy.

A request has been passed to the Italians by this Headquarters that prompt steps be taken to satisfy your aforementioned requirements in pyrites and mercury in order that the contract for phosphate rock may be concluded with a minimum of delay. This is important in view of the fact that it has been necessary to set up shipping for the month of August to lift this phosphate rock and wastage of any part of this shipping space should, as you will agree, be avoided at all costs.

Yours very truly,

s/d E.B. McKinley
Brigadier General, USA
Acting Vice President
Economic Section

H.E. Couve de Murville
French Delegation
Rome

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PART I

TRANSLATION

APPENDIX "C1"

MINISTRY OF INDUSTRY & COMMERCE
Dir. Gen. Commercio Estero
Serv.II - Div.II

Rome, 21st July 1945

Ref. : 20595

SUBJECT : Supply of iron pyrites to France

TO : Commercial Delegation, French Embassy, Rome

In reply to letter 829-111-2 of 11 July 1945,

Reference is made to a/q letter with which your Delegation while communicating the allotment made to France of a quantity of 100,000 tons of Italian iron pyrites, asked to be informed of the price of such goods and of provisions this Ministry intend to take for a prompt delivery of same.

As to the first querry, please be informed that the Soc. An. Montecatini have stated to be ready to supply iron pyrites with 46% sulphur and 43% iron contents, practically free from arsenic, copper, lead and zinc, at the price of about 2,700 lire per ton FOB by 1,500 up to 1,800 maximum tonnage vessels, to be loaded at the sailing stage of Follonica-Postiglione.

As however the Soc.An. Montecatini in addition to the export of pyrites is interested also in the import of rock phosphates from French North Africa, it is their intention to tie the above pyrites price with that fixed in the contract of last May for

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As however the Soc.An. Montecatini in addition to the export of pyrites is interested also in the import of rock phosphates from French North Africa, it is their intention to tie the above pyrites price with that fixed in the contract of last May for rock phosphates so that the present ratio (1 of pyrites equal to 3 of phosphates) be maintained also for the future.

As to this Ministry intentions concerning the implement of the supply of pyrites, predicted that all the 100,000 tons are already ready for delivery, it is confirmed what it has been expressed during the recent conversations with your Delegation, that is that as soon as the supply of the first lot of 100,000 tons of rock phosphates covering the known credit in favour of Italy of Memorandum Account in French North Africa will be carried out by the French part, the deliveries of pyrites by the Italian part will start promptly. These deliveries, however, will continue keeping pace with those of French phosphate rock, so that, taking into

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APPENDIX "C1"

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consideration the respective prices, to each quantity of pyrites will correspond a triple quantity of rock phosphate.

As soon as the French Government declare their agreement on the above, necessary steps will be taken, in conjunction with the competent Allied Authorities, to assure the sea transport of the minerals in question.

Awaiting your kind early communications on above matter.

For THE MINISTER

S/d Illegible

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agreement on the above, necessary steps will be taken, in conjunction with the competent Allied Authorities, to assure the sea transport of the minerals in question.

Awaiting your kind early communications on above matter.

For THE MINISTER

S/d Illegible

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PART I

19

TRANSLATION

APPENDIX "G2"

922-III-2-f

25 July 1945

FROM : LOUIS GABRIEL
Commercial Attaché French Embassy.

TO : Mr. CARAVALE
General Manager Foreign Trade
Ministry of Industry, Commerce & Labour
Rome

I beg to acknowledge receipt of letter No.20595 of July 21st which you have addressed to "Commercial Delegation of the French Embassy".

From this letter, in which price and terms of delivery provided for the sale of 100,000 tons of pyrites to France are officially communicated for the first time, it appears that some misunderstandings have occurred and that our conversations during these last weeks, contrarily to my hopes, have not contributed to clarification.

The letter dated 9 July 1945 ref. No. 20.430 addressed by Ministry of Industry and Commerce to the Allied Commission, who gave me communication of it, confirms that impression of mine. Without waiting for the instructions I have asked from my Government I believe it necessary to point out the position I thought I could take after our conversations and, of course, under reserve of said instructions.

I wish to note first of all that it was on June 9th 1945 that the Allied Commission had written [illegible] Industry and Commerce inviting them

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Delegation of the French Embassy".

From this letter, in which price and terms of delivery provided for the sale of 100,000 tons of pyrites to France are officially communicated for the first time, it appears that some misunderstandings have occurred and that our conversations during these last weeks, contrarily to my hopes, have not contributed to clarification.

The letter dated 9 July 1945 ref. No. 20.438 addressed by Ministry of Industry and Commerce to the Allied Commission, who gave me communication of it, confirms that impression of mine. Without waiting for the instructions I have asked from my Government I believe it necessary to point out the position I thought I could take after our conversations and, of course, under reserve of said instructions.

I wish to note first of all that it was on June 9th 1945 that the Allied Commission has written to the Ministry of Industry and Commerce inviting them to negotiate direct with the French representatives without further delay.

It was only with a letter dated July 4th 1945 that the Ministry of Foreign Affairs has informed our Embassy of the Italian Government's desire to enter commercial dealings. The French Embassy has immediately met this wish as on July 11th I have had a first conversation with Mr. Grazzi, even before our official answer (dated July 10th) had reached the Foreign Affairs Department.

I thought it useful to specify [illegible] as an answer to the assertion contained in the letter addressed on July 9th to the Allied Commission which do not appear to tell the exact story of the matter

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PART I

APPENDIX "C2"

conversations.

I further stated that it seems difficult to me for these dealings to be continued if, from the Italian side, it should be tried to make the Allied Commission and the French Government dosagree on a matter whose solution now depends upon the conversations engaged between the French and the Italian Governments. Since our first meeting with Mr. Grazzi I pointed out that we could not agree upon certain conditions to be put in advance, as the above mentioned letter from the Ministry of Foreign Affairs seemed to entail. This has been cleared in so far it was no question of conditions but of a declaration of the Italian standpoint. Conversations could therefore be continued and a larger meeting could be held on July 13th. During this meeting I have insisted on the difficulties we would meet should the Italians ask first for settlement of balance of Algiers accounts and after that for a strictly balanced trade. I was convinced that Mr. Grazzi was aware of these difficulties and that he considered sufficient, failing an immediate settlement, a guarantee to be given by the French Government as to the possibility for Italy to make use later on of the memorandum-account balance for payment of French goods and for other payments in francs authorised by the Allied Commission. The fact that the exact amount of the balance could not yet be established and that its final utilisation is provided by para 4 of memorandum account, text of which has been communicated to you, did not leave me any other interpretation.

On the other side I understood it had been mutually agreed to consider exchanges between France and

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Ministry of Foreign Affairs seemed to entail. This has been cleared in so far it was no question of conditions but of a declaration of the Italian standpoint. Conversations could therefore be continued and a larger meeting could be held on July 13th. During this meeting I have insisted on the difficulties we would meet should the Italians ask first for settlement of balance of Algiers accounts and after that for a strictly balanced trade. I was convinced that Mr. Grazzi was aware of these difficulties and that he considered sufficient, failing an immediate settlement, a guarantee to be given by the French Government as to the possibility for Italy to make use later on of the memorandum-account balance for payment of French goods and for other payments in francs authorised by the Allied Commission. The fact that the exact amount of the balance could not yet be established and that its final utilisation is provided by para 4 of memorandum account, text of which has been communicated to you, did not leave me any other interpretation.

On the other side I understood it had been mutually agreed to consider exchanges between France and Italy, involving, from the French part, delivery of goods whose nature has been discussed during the meeting of July 13th.

2463

After our last meeting at the Ministry of Foreign Affairs instructions have been asked from Paris, based on the following :

It was agreed that for reasons of urgency, the conclusion of a commercial modus-vivendi should be put off temporarily and that meanwhile a provisional agreement should be entered into, allowing for :

(1) The delivery by the French beginning by August 1st of a first lot of 2/300,000 tons of phosphates;

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PART I

APPENDIX "C2"

(2) The delivery by Italy, at least up to the same value of these phosphates, of commodities to be chosen among the following :

Pyrites	up to	100,000 tons
Mercury	" "	4,000 bottles
Bergamot	" "	11 tons ½ (balance still to be supplied against 14 tons bought by AC for France).
Sulphur, quantity to be indicated further by Italian Government.		

Actual terms of payment for this provisional agreement would have been as follows : accounts to be opened and kept in Paris by the French for account of Banca d'Italia and no longer at Algiers for account of the Allied Authorities.

If these conditions should appear acceptable, I was asking Paris to send deputies to discuss and sign purchase and sale contracts. After that dealings would have been started in view of a more extensive modus-vivendi.

Your letter of July 21st makes me believe that the Italian attitude is totally different from the one I have explained above and which appeared to me such as to conciliate points of view. I can only wait for the instructions I have asked and which will state the French Government's position.

I must now formally decline any responsibility for the difficulties which are being met and for the

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Sulphur, quantity to be indicated further by Italian Government.

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If these conditions should appear acceptable, I was asking Paris to send deputies to discuss and sign purchase and sale contracts. After that dealings would have been started in view of a more extensive modus-vivendi.

Your letter of July 21st makes me believe that the Italian attitude is totally different from the one I have explained above and which appeared to me such as to conciliate points of view. I can only wait for the instructions I have asked and which will state the French Government's position.

I must now formally decline any responsibility for the difficulties which are being met and for the delays which have occurred and which are likely to occur again.

Copy of this letter is addressed to the Allied Commission and to the Ministry of Foreign Affairs.

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PART I

TRANSLATION

APPENDIX "C3"

AMBASSADE DE LA REPUBLIQUE FRANCAISE EN ITALIE

Ref. No. 928 I/A

Subject : Commercial Exchanges between France and Italy.

To : Maj. H.A. GENT
Director of Commerce S/C
Allied Commission
ROME

From : Louis Gabriel
Commercial Counsellor
Chief of French Economic Services in Italy

I thank you for having forwarded to me copy of the letter addressed to you on 9 July by the General Director, Foreign Trade of Italian Ministry of Industry, Commerce & Labour and copy of your reply dated 20 July to that letter.

In my turn, I think it useful to let you have herewith enclosed copy of a letter from the Director of Foreign Trade of the same Ministry regarding the delivery of 100,000 tons of Pyrites and copy of my reply.

These communications have the aim of establishing as it really is, the chronological order of the development of the conversations relative to the resumption of exchanges with France.

Invited since 19 February by Admiral Stone's Memorandum to Mr. Bonomi to negotiate direct with France, the Italian Government did not reply to Allied Commission until 27 March asking for additional explanations on the

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Commercial Counsellor
Chief of French Economic Services in Italy

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These communications have the aim of establishing as it really is, the chronological order of the development of the conversations relative to the resumption of exchanges with France.

Invited since 19 February by Admiral Stone's Memorandum to Mr. Bonomi to negotiate direct with France, the Italian Government did not reply to Allied Commission until 27 March asking for additional explanations on the mechanism of imports and exports.

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A long time was then taken by the Italian Ministry of Industry, Commerce & Labour for corresponding with the Allied Commission on the subject of methods of exchanges.

At last the Allied Commission judged that the explanations given were sufficient and on 9 June informed Mr. Cronchi that nothing any longer impeded direct negotiations with France and on the same date advised Mr. Couve de Murville, of the fact.

On 4 July only, the Ministry of Foreign Affairs expressed their wish to negotiate.

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PART I

APPENDIX "C3"

Page 2

Although conversations between the representatives of the competent Italian Ministries and myself took place on 11 and 13 July, a positive offer for delivery of the 100,000 tons of Pyrites was only formulated on 21 July with a letter, copy of which is enclosed, the contents of which, far from facilitating the conclusion of a provisional agreement, laid down some conditions of principle which, if maintained, would have risked compromising completely the resumption of trade exchanges.

This simple statement shows that, contrary to their assertions, the Italians have not displayed any promptness in starting negotiations with France and also that the difficulties which happen are caused by them and not by us.

Many times during the conversation I had with you and with the Chiefs of Finance Sub-Commission I drew the attention of Allied Commission to the delays caused by the Italians.

I decline therefore in the most formal manner any responsibility for the delays which may happen in the delivery of rock phosphates. We have given this deal all our care and this has not been the case on the part of the Italians, as on 21 July only they decided to offer officially the pyrites which we have unquestionally the right to receive, we too without delay, if we deliver the rock phosphates.

It is therefore on the attitude which the Italians decide to adopt that will depend the delivery of the rock phosphates.

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S/d LOUIS FABRIEL

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PART I

APPENDIX "D"

655/103/tn/3 21 August 1945

Dear Mr. Ambassador,

I am seriously concerned by the fact that up to the present your Government has not yet reached an agreement with the Italian Government on the import of phosphate rock from North Africa and the export of Italian products to France during the year July 1945 to June 1946.

As you may well understand, this delay is gravely prejudicing the shipping position in the Mediterranean. The demands on the available shipping are so considerable, and the quantities involved in your negotiations are so great, that it is essential that a definite program be prepared.

It will be clear to you that a program cannot be arranged until agreement has been finally reached between your Government and the Italians.

The Allied Shipping Authorities will not be in a position to provide the facilities needed to lift the heavy tonnage involved unless your negotiations can be completed at a very early date.

I need hardly add that any further delay would aggravate an already serious situation and hope therefore for your early advice that agreement has been reached.

I have written in similar terms to the Italian President of the Council of Ministers.

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I need hardly aid that any further delay would aggravate an already serious situation and hope therefore for your early advice that agreement has been reached.

I have written in similar terms to the Italian President of the Council of Ministers.

Very truly yours,

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ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

H.E.
Couve de Murville
French Delegation
Rome

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PART I

TRANSLATION APPENDIX "E"

The President of the Council of Ministers

No. 588 Rome, 23 August 1945

Dear Admiral,

To complete what I wrote to you on the 21st regarding the supply of mineral phosphates, and in relation with your letter No. 655/102/th of August 16th, I want to add what follows :

1 - Ever since it know that the Combined Board had allotted 500,000 tons of phosphates to Italy, the Italian Government did all it could to come to an agreement with the commercial Delegation of the French Embassy in Rome, to balance the import of phosphates in Italy with the export of goods useful to French economy (pyrites, sulphur, mercury, extract of "bergamotto", seeds, pumice stone, "sommacco", etc.).

It has not been able to reach this end rapidly, through ill-will, for the Italian side showed its good will in every possible way, but because of some technical difficulties; the French Delegation is waiting for orders from its Government to solve them.

2 - In any case, not to delay the program of transport prepared by the services of the Allied Commission, it has been decided, in agreement with the French Delegation, to authorize at once the loading and transport of the phosphates from North Africa as well as of the Italian pyrites, while deciding that the negotiations for a definite agreement would be actively carried on.

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3 - For its part, the Italian Government has already ordered the Montecatini Co. that supplies pyrites, to be ready to load at Follonica-Portiglioni the 100,000 tons allotted to France, to assure the quickest possible delivery and make the best possible use of the shipping which will be available for this end.

4 - I hope that this mutual pledge will be considered satisfactory by the Allied Commission for the ends it aims at, and I beg you, my dear Admiral, kindly to issue orders for the loading and transport of the phosphates to be carried out as fast as possible, to make up for the time that has been wasted, in the interest of Italian

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PART I

APPENDIX "E"

Page 2

agriculture which urgently requires phosphate fertilizers.

Believe me,

Your very truly,

s/d Ferruccio Parri

Admiral Ellery W. STONE
Chief Commissioner
Allied Commission
Rome

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Allied Commission
Rome

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PART I

TRANSLATION

APPENDIX "F"

DELEGATION FRANCAISE
AU CONSEIL CONSULTATIF
POUR LES AFFAIRES ITALIENNES

Rome, 5 Sept. 1945

Ref. No. 1199/11/2/f

Subject : Transport of 100,000 tons of pyrites to France

TO : HQ Allied Commission
(Attn: Maj. Saul)

1. The contemplated French ports for the landing of pyrites are: Sète - Lestaque - Saint-Louis-du-Rhône - Port-de-Bouc.

2. The pyrites will have to be delivered before the end of the year.

3. The definite designation of ports and the appointment of quantities to be landed in each of those finally chosen will depend on the rate of loadings.

4. The above statements are given only for information as the agreement concerning the pyrites-phosphate rock exchange has not yet been reached. I think however that a final reply will be obtained from Paris within a week.

THE COMMERCIAL ATTACHE

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

(Attn: Maj. Saul)

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THE COMMERCIAL ATTACHE

S/d (Illegible)

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PART I

APPENDIX "G"

PARAPHRASE

Telegram No. 180, August 29, from American Embassy, Paris received August 31. The Embassy discussed informally with the Ministry of National Economy on August 25 difficulties encountered in arranging exchange deal of phosphate rock from Tunisia against pyrites from Italy and asked U.S. to extend its good offices. Embassy officers after listening to the story told the French officers that they would submit a report to the State Department on a basis of 1200 francs, while price of Spanish pyrites is 350 francs and Portuguese 320 per metric ton. Due to quality differentials, Italian pyrites are 40 to 50 francs above Spanish. The French explained the Italian argument on basis that the phosphate-pyrite price ratio before the war was 3.5, meaning that Tunisia phosphate at 450 francs would make Italian pyrites 1575 francs. The French argued that pre-war price ratio is 1.17, making pyrites 527 francs. The French say they will pay 400 francs, but inferred that this might be increased to 525.

The only interest of the United States in this problem is our over-all concern in stimulating production of food. On August 28 Agriculture Ministry said informally and confidentially that the outlook for purchase of Spanish pyrites was much better and an agreement is anticipated next week. This could solve the problem.

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9/6/1945

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PART I

APPENDIX "H"

FOR ACTION AGWAR FOR CCS FOR CCAC RPTD UK BASE SECTION LONDON FOR CABINET SECRETARIAT RPTD AFHQ FOR FHGEG RPTD TROOPERS FOR MWT

No. 5499 15 September ROUTINE

Confidential

This is MOC 298.

Subject is allocation to Italy Rock Phosphate for year July 45 June 46.

Para 1. No shipments have yet been made out of the 500,000 tons allocated because Italians and French are unable to agree about price of initial counter export 100,000 tons pyrites.

Para 2. Loss of July, August and probably September shipments will very seriously affect Italian food production.

Para 3. Italian and French representatives in Rome recently agreed as follows : (a) that the Italian Government would issue instructions for shipments of up to 100,000 tons pyrites when shipping was made available: (b) that the French representatives would obtain instructions from Paris to authorize immediate shipment of phosphate; (c) that details of price would be agreed later.

Para 4. The Italian Government have fulfilled their part of the agreement but French Authorities in Paris have refused to give authority for phosphate shipment

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Para 4. The Italian Government have fulfilled their part of the agreement but French Authorities in Paris have refused to give authority for phosphate shipment to comments.

Para 5. United States Embassy Paris have been asked by French to use their good offices to bring about agreement and it is understood that they have notified State Department of the situation.

Para 6. Italian accept French price of phosphate but Italian price of pyrites is not acceptable to French.

Para 7. May action be taken by you to start shipment of phosphates from Tunisia or other sources of supply.

Copy to: Economic Section

From : Commerce S/C
Maj. GREEN

NICHOLAS PICCIRILLO
CWO.USA
Asst.Adjutant

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PART I

APPENDIX "I"

DELEGATION FRANCAISE
AU CONSEIL CONSULTATIF
POUR LES AFFAIRES ITALIENNES

Rome, 19 Sept. 1945

HQ ALLIED COMMISSION
Commerce Sub-Commission
Foreign Trade Div.
Import Dept.

(Attn: Maj. Saul)

Subject : Import into Italy of North African phosphates and export of Italian pyrites to France.

1. Please find enclosed the note asked for yesterday by Maj. Saul on the telephone.

2. So far as the Italian pyrites are concerned, I have to inform you that my Government desires that the importation into France should be effected before the end of the present year.

THE COMMERCIAL ATTACHE

S/d (Illegible)

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1. Please find enclosed the note asked for yesterday by Maj. Saul on the telephone.

2. So far as the Italian pyrites are concerned, I have to inform you that my Government desires that the importation into France should be effected before the end of the present year.

THE COMMERCIAL ATTACHE

S/d (Illegible)

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FRENCH AMBASSADOR TO ITALY
The Commercial Attaché

NOTE FOR THE ALLIED COMMISSION

Subject : Supply of North African phosphatic for Italy.

1. The french point of view in the matter of delivering the 500,000 tons of North African phosphates the import of which into Italy has been adjudged necessary by the Combined Boards, can be summarised as follows :

2. No objection in principal is raised on our part to this contribution but the immense needs of France and the limited nature of her resources make it the duty of our Government to obtain adequate compensation from Italy.

3. The French Government asked, to begin with, the delivery of 100,000 tons of Pyrites.

4. The Italian Government declared itself ready to deliver these Pyrites at a price of 1.350 francs a ton.

5. This price, having been judged prohibitive, the Italians reduced it to 1.200 francs.

6. This reduction was not considered sufficient in view of the fact that Spanish, Portughese and Swedish Pyrites are actually imported into France at prices varying between 330 and 350 francs per ton. Taking into account at the same time these prices and the superior

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2. No objection in principal is raised on our part to this contribution but the immense needs of France and the limited nature of her resources make it the duty of our Government to obtain adequate compensation from Italy.

3. The French Government asked, to begin with, the delivery of 100.000 tons of pyrites.

4. The Italian Government declared itself ready to deliver those pyrites at a price of 1.350 francs a ton.

5. This price, having been judged prohibitive, the Italians reduced it to 1.200 francs.

6. This reduction was not considered sufficient in view of the fact that Spanish, Portughese and Swedish pyrites are actually imported into France at prices varying between 330 and 390 francs per ton. Taking into account at the same time these prices and the superior quality of Italian pyrites, the French Government has offered to purchase the latter at 400 francs per ton.

7. The Italians have declared the last mentioned price to be out of the question but in view of their need for phosphates, they could perhaps accept provisionally on condition that the French Government did not object to them subsequently reporting to the arbitration procedure provided for in similar cases for Italian goods belonging to Category A.

8. The French Government has accepted this suggestion and has informed the Italian Government that in exchange for the 100,000 tons of pyrites, Italy could receive a quantity of phosphates equivalent in value to that of the pyrites.

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PART I

9. The Italian Government must give a definite reply to this Embassy to-day.

Rome, 19 Sept. 1945

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PART I

APPENDIX "K"

TRANSLATION OF LETTER FROM THE FRENCH EMBASSY TO HQ ALCOM

21 September 1945

SUBJECT : Export to France of Italian Pyrites.

1. On the 19th of this month, attached to my letter No. 1342, I gave you an exact statement of the situation in the Franco-Italian negotiations regarding a projected exchange to be arranged by importation of North African phosphates and export of pyrites.

2. I have the honor to inform you today that the Italian Government has replied negatively to our offer to purchase, which (offer) only took up their own proposals. You will already know this firm's M. Caravale asked you to load pyrites without ever waiting our definite agreement.

3. In these circumstances, this Embassy obviously is not under any obligation to tie up a purchase of pyrites with the sale of phosphates.

4. The present situation is therefore as follows:

(a) An allocation of 100,000 tons of Italian pyrites was made to France by the Combined Boards, Washington.

(b) This Embassy official asked the Italian Government for delivery of these pyrites. (our letter 1324 of 17 September).

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North African phosphates and export of pyrites.

2. I have the honor to inform you today that the Italian Government has replied negatively to our offer to purchase, which (offer) only took up their own proposals. You will already know this firm's M. Caravelo asked you to load pyrites without ever waiting our definite agreement.

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(a) An allocation of 100.000 tons of Italian pyrites was made to France by the Combined Boards, Washington.

(b) This Embassy official asked the Italian Government for delivery of these pyrites. (our letter 1324 of 17 September).

(c) If agreement could not be reached on price my Government is ready to pay the French "ceiling price" of 400 francs per ton, and leave the Rome Government free to have recourse to arbitration procedure as provided for in such cases for Italian goods which belong to Category "A".

5. The credits which the Italian Government would set up by these deliveries of pyrites will naturally be available for the purchase of goods in France, phosphates, for example.

6. As a result, this Embassy undertakes immediately to gather the information which the Allied Commission needs to ask UMA to implement the program of shipments of the 100,000 tons of pyrites assigned to France.

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PART I

APPENDIX "L"

AMBASSADE DE LA REPUBLIQUE FRANCAISE
EN ITALIE

Rome, 4 October 1945

Le Conseiller Commercial

No. 1.446.IV-2

HEADQUARTERS ALLIED COMMISSION
Commerce Sub-Commission
Foreign Trade Division
Import Department
Rome

SUBJECT : Supply of North African Phosphates to Italy

1. I refer to my letter No. 1342, dated 19 September last.

2. The Ministry of Industry and Commerce has informed me yesterday they are ready to effect the Pyrites/phosphates deal at the conditions I have already mentioned to you.

3. As there is no longer any objection against the delivery of phosphates from North Africa, I have asked from Paris for all instructions to be given for immediate shipment from the port of Sfax and for date on which loading can begin to be signalled to me.

4. This last information will be passed to you as soon as received.

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SUBJECT : Supply of North African Phosphates to Italy

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4. This last information will be passed to you as soon as received.

S/d LE CONSEILLER COMMERCIAL

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Translation of the Italian claim for the upward revision of the provisional price of 800 lire per ton of Italian pyrites as provided for in the Italian/French agreement for the exchange of Italian pyrites and Tunisian phosphate rock.

The price relation between pyrites to be supplied to France and phosphates which have been supplied to Italy arises from the fact that compulsory quotas have been fixed by Washington for both Category "A" commodities, entailing reciprocal payment.

The increase in production costs which the French had in Tunisia, and on account of which quotation remarkably higher than prewar have been imposed on us, has also occured for our pyrites, surely at an even higher rate if, besides production costs, the bearing of damages to plants is also taken into consideration.

A comparative examination of prices shows the following:

Phosphates. In 1939 the French suppliers sold medium 65/68 phosphates at $ 4.30 per ton, equal to.....L.85.14per ton
This price not only was maintained for the last 1939 supplies, but also applied to all 1940 supplies. For f.c.b. delivery, the charges were at the time.....L. 7.50 " "

so that,ultimately,the cost was L.92.64per ton

In accordance with the last 1945 contract, the phosphates were delivered at an average price of about L. 1038 per ton f.c.b.

Pyrites. For pyrites, the 1939/1940 contract with the Than & Mulhouse Company contemplated a price of $ 10 per ton f.o.b. truck loading station

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A comparative examination of prices shows the following:

Phosphates. In 1939 the French suppliers sold medium 65/68 phosphates at $ .30 per ton, equal to.....L.85.14per ton
This price not only was maintained for the last 1939 supplier, but also applied to all 1940 supplies.
For f.o.b. delivery, the charges were at the time.....L. 7.50 " "

so that,ultimately,the cost was L.92.64per ton

In accordance with the last 1945 contract, the phosphates were delivered at an average price of about L. 1038 per ton f.o.b.

Pyrites. For pyrites, the 1939/1940 contract with the Thann & Mulhouse Company contemplated a price of $ 10 per ton free on truck loading station, equal to .....L. 198.--per ton.

The prices of our exports to other destinations in 1939/40 went up from $ 11.50 to $ 14.50 per ton on truck loading station, equal to L.297 per ton.

By comparing the above data and considering the average price lately applied for phosphates by the French sellers, a direct quotation is arrived at for our pyrites of about L.2218 (92.64 : 198 = 1038 : X). (AC NOTE.See para 4 of PART III of this Airgram).

On such basis our proposals were put forward which, besides being referred to the new price of Tunisia phosphates, also correspond to the actual cost of new production pyrites. On the same basis the resumption of supplies to Swiss clients was also negotiated and concluded. (AC NOTE.ACTUALLY at 2400 lire per ton).

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In any case, even if the examination of price relation between phosphates and pyrites were extended to longer periods, the conclusion is arrived at that such relation has always been very near to 1 ton of pyrites to 2 tons of phosphates. In fact, if f.o.b. prices of Tunisia phosphates and Italian pyrites are considered for the years 1935 - 1940, the resulting ratios are as follows:

		Pyrites (prices f.o.b. per ton)	Phosphates		Ratio
1935	Lire	72.91	42.45)	average	1 : 1.72
1936	"	86.47	44.95)	price of	1 : 1.94
1937	"	124.86	65.68)	all	1 : 1.90
1938	"	124.86	65.68)	shipments	1 : 1.90
1939	"	113.74	65.34)		1 : 1.75
1940	Lire	198.--	92.64	65/68° quality	1 : 2.15

Consequently, the ratio has been on an average 1 ton of pyrites against 1.92 tons of phosphates.

Taking these ratios into account, the conclusion may be reached that against the price at present claimed for Tunisia phosphates by the Comptoir des Phosphates of:

Lit. 898 for 58/63% standard
" 1008 " 63/65% "
" 1208 " 65/68% "

the price of pyrites should in no case be under Lit.2000 per ton f.o.b.

It has been stated that Spain sells Morocco phosphates in France at Fr.Fcs.350 per ton (corresponding to Lit.700).

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1940	Lire	198.--	92.64	65/68° quality	1 : 2.15

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In this respect it should be pointed out that the comparison between Spanish and Italian quotations is invalidated by the artificial exchange conditions at present prevailing and likely to undergo a sudden change, and by a heavy stock situation existing in Spain as a consequence of the Spanish political situation during the war. There is also an actual difference in the efficiency of the material, which has always influenced the price in a measure varying from 1 to 1.6 up to 1 to 1.8. Particularly, although the Sulphur content is about the same, the Spanish pyrites and the Italian pyrites differ in contents of the other metals, the approximate analyses of which are the following:

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	Italian	Spanish
	%	%
S	47 - 48	47 - 48
Fe	44 - 44.5	43 - 44
Cu	0.02 - 0.03	0.50 - 0.50
As	0.02	0.22
Pb	0.12 - 0.15	0 - 1.10
Zn	0.02	1

The As percentage is so high in Spanish pyrites that they are thereby classified as "arsenical", and for this reason the resulting acid can be used only for the production of fertilizers, to the exclusion of industrial applications.

It is through the low As content that the Italian pyrites are amongst the most valued ones of European production.

During processing operations, the above mentioned metals give rise in the furnaces to the formation of "matte", commonly known as slag, which cause brunkages in the scraper arms of the roaster furnaces and other inconveniences, thereby making the up-keep of plants more costly.

Besides, the presence of copper, lead and zinc makes desulphurization more difficult, in so much as sulphur remains alloyed to the above mentioned metals and thereby a loss in sulphur takes place corresponding to about 2/3%; this does not occur with Italian pyrites for which the loss can be reckoned as 0.5% at the most.

The fact that the French offered a slightly higher price for Italian pyrites as against the price paid for Spanish pyrites (Lit.800 instead of 700 per ton) does not alter the situation, considering that the relation between Italian pyrites and Tunisian phosphates would in any case be upset from what it was before the war.

On the other hand, it may be pointed out to the French that North American phosphates, for [illegible]

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production.

During processing operations, the above mentioned metals give rise in the furnaces to the formation of "mattes", commonly known as slag, which cause breakages in the scraper arms of the roaster furnaces and other inconveniences, thereby making the up-keep of plants more costly.

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On the other hand, it may be pointed out to the French that North American phosphates, 68% standard, are being sold at $ 3.30 corresponding to Lit. 330, against about Lit. 1038 claimed by the French.

In this case, the relation with pyrites would be even more favourable than asked for by the Italians.

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PART III

Allied Commission's Recommendations on the Establishment of a Price for Italian Pyrites.

1. It will be apparent, from the outline of the negotiations between France and Italy for the exchange of Tunisian phosphate rock against Italian pyrites, that the supply of phosphate rock by France was considered to be strictly contingent upon the supply of pyrites by Italy. Since this consideration was common to both negotiating parties, it is believed that the respective values of the two commodities may be considered fairly on a ratio basis. The relevant prices of phosphate rock and pyrites for past years, as given in the Italian presentation of their case (part II of this Airgram), are based on fact. The current phosphate rock prices are accepted by the Italians. Therefore, there is justification for the Italian claim that the price of pyrites should be very much higher than the provisional price of 800 lire per ton, which is now referred to you for revision.

2. The Italian claim to maintain approximately the normal value ratio of Tunisian phosphate rock to Italian pyrites may be considered reasonable. If it is accepted, the establishment of a present day price for Italian pyrites depends on deciding what was a justly representative price ratio of the two commodities prior to 1940. The respective fob prices of Tunisian phosphate rock and Italian pyrites during the years 1935 through 1940 bear the following ratios :

Pyrites	:	Phosphate Rock

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	Pyrites	:	Phosphate Rock
1935	1	:	1.72
1936	1	:	1.94
1937	1	:	1.90
1938	1	:	1.90
1939	1	:	1.75
1940	1	:	2.15

(see Part II for fuller details)

However, 1940 was an abnormal year and Allied Commission consider that it should be ignored in endeavoring to establish a fair relative value between the two materials. Disregarding 1940 then, the average ratio for the five year 1935 through 1939 was 1 ton of pyrites: 1.84 tons of phosphate rock. Applying this to the average Tunisian phosphate rock price of 1038 lire per ton, as agreed between the Italians and the French, pyrites would be

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worth 1910 lire per ton, which is very considerably less than the price which the Swiss have recently agreed to pay for the same material.

3. With regard to the Italian case, Allied Commission are not of the opinion that a comparison between the 1940 price of pyrites and the 1940 price of 65/68% phosphate rock can be applied rightly to the 1945 average price of the three qualities of phosphate rock in order to arrive at the value of pyrites, (as has been done in the early part of the Italian case, Part II of this Airgram).

4. Allied Commission recommend that the pyrites price should be 1910 lire per ton which is based on the reasonable ratio quoted in para.2 above.

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HEADQUARTERS ALLIED COMMISSION

MOC AIRGRAM 126: 18 December 1945

TO : Combined Civil Affairs Committee
(for Combined Liberated Areas Committee)
3C-866 Pentagon Building
WASHINGTON, D. C. (15 copies)

SUBJECT : INTERNATIONAL TRADE NEGOTIATIONS -
Italian Foreign Trade

1. Attached for information are notes giving the current position of trade negotiations between Italy and countries other than the United States and the United Kingdom. The countries involved are: Belgium, Eritrea, the Netherlands, Poland, Russia, Spain, and Sweden.

2. Additions to and revisions of these notes will be sent from time to time as further negotiations develop.

HARLAN CLEVELAND
Acting Vice President
Economic Section

Enclosures.

DISTRIBUTION

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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : BELGIUM

The Ministry of Foreign Affairs states that the goods offered by Belgium would contribute usefully to the reconstruction of Italy (see table 1 attached). Italy has submitted a list of goods which she proposes to offer in exchange (see table 2) but Belgium has requested that these should be augmented by other items, notably artificial dyestuffs and typewriters. (see table 3).

Quite apart from any screening to which these various lists may be subject, the quantities and range of goods are by no means final as Belgium has undertaken to submit further lists.

The state of old accounts is rather obscure as the Italo-Belgian clearing was absorbed by the Italo-German clearing after the occupation of Belgium. A preliminary survey indicates that the situation is approximately balanced.

No action will be taken by Allied Commission to obtain allocation of any of the controlled commodities concerned until the quantities thereof are considered to be firm. However, screening of the lists in tables 2 and 3 against the basic supply program is in hand so that any objection which may be made may be communicated to the Italian Government without delay.

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An Italian delegation is going to Belgium during the week ending December 15, 1945 but any agreements will be signed finally in Rome.

FREDK. W. TOOBY, Lt. Colonel, R. A.
Director
Commerce (Foreign Trade) Sub-Commission

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TABLE 1.

BELGIAN PRODUCTS TO BE EXPORTED TO ITALY

BELGIAN PROPOSALS

Goods	Quantities (M. tons) (figures are approximate)	Value (000 Belgian francs)
Products of the iron and steel industry.		
Zinc-white	6,000	24,000
Glassware	1,000	14,000
Glassware of Val. St. Lambert	2,500	52,000
Glasses and other glass articles (gobeleterie)	30	1,000
Machine tools		2,000
Textile Machinery	1,000	40,000
Machine and tools	900	50,000
Hunting guns	100	10,000
Iron rolled sheets		10,000
Iron drawn sheets	2,000	20,000
Telephones	500	4,000
Other products of the iron & steel industry viz:	15	5,000
Wires and nails	1,000	
Cables, springs and malleable cast iron.	100	-
Galvanized and mechanical casks, electrodes.	-	-
Products for the radiography, cinematography, graphical and photographical indus-		

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Products of the iron and steel industry.	6,000	24,000
Zinc-white	1,000	14,000
Glassware	3,800	52,000
Glassware of Val. St. Lambert	30	1,000
Glasses and other glass articles (gobeleteries)		2,000
Machine tools	1,000	40,000
Textile Machinery	900	50,000
Machine and tools	100	10,000
Hunting guns		10,000
Iron rolled sheets	2,000	20,000
Iron drawn sheets	500	4,000
Telephones	15	5,000
Other products of the iron & steel industry viz:		
Wires and nails	1,000	
Cables, springs and malleable cast iron.	100	-
Galvanized and mechanical casks, electrodes.	-	-
Products for the radiography, cinematography, graphical and photographical industries:		
finished	290	30,000
unfinished	20	3,000
Sundry chemicals	-	16,000
APPROXIMATE TOTAL		281,000

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TABLE 2.

ITALIAN PRODUCTS TO BE EXPORTED TO BELGIUM

ITALIAN PROPOSALS

Goods	Quantities (metric tons)	Value (000 Lires)
Oranges and tangerines	1,000	25,000
Lemons	2,000	36,000
Shelled almonds	300	39,000
Hazelnuts	100	10,000
Nuts	50	3,500
Pistachios	1	230
Licorice roots	200	4,000
Licorice juice	200	40,000
Medicinal plants	100	6,000
Juniper berries	100	4,500
Nonoleaginous seeds for meadows (Luzerne seeds)	50	8,500
Nonoleaginous seeds for orchards	50	25,000
Laurel leaves	20	600
Mustard seeds	100	3,000
Sumac	500	20,000
Wines	1,500	90,000
Vermouth	200	40,000
Essential oils	2.5	5,000
Citrus fruits juices	100	2,000
Fruits and citrus fruits pulps	1,000	30,000
Raw Hemp	500	35,000
Raw hemp tow	200	7,000
Hat felts	200,000 units	70,000
Felt hats for gentlemen	30,000 units	18,000
Felt hats for ladies	20,000 units	14,000
Straw hats	10,000 units	3,000

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	(Metric tons)	(000 Lires)
Oranges and tangerines	1,000	25,000
Lemons	2,000	38,000
Shelled almonds	300	39,000
Hazelnuts	100	10,000
Nuts	50	3,500
Pistachios	1	230
Licorice roots	200	4,000
Licorice juice	200	40,000
Medicinal plants	100	6,000
Juniper berries	100	4,500
Noncleaginous seeds for meadows (Luzerne seeds)	50	8,500
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Mustard seeds	100	3,000
Sumac	500	20,000
Wines	1,500	90,000
Vermouth	200	40,000
Essential oils	2.5	5,000
Citrus fruits juices	100	2,000
Fruits and citrus fruits pulps	1,000	30,000
Raw Hemp	500	35,000
Raw hemp tow	200	7,000
Hat felts	200,000 units	70,000
Felt hats for gentlemen	30,000 units	18,000
Felt hats for ladies	20,000 units	14,000
Straw hats	10,000 units	3,000
Raw marble	4,000	40,000
Sulphur	1,000	8,000
Mercury	40	24,000
Handicraft products	-	10,000
TOTAL		621,330

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TABLE 3.

ITALIAN PRODUCTS TO BE EXPORTED TO BELGIUM

BELGIAN PROPOSALS

Goods	Quantities (M. tons)	Value (000 Belgian francs)
	(Figures are approximate)	
Artificial dyes, viz: blue hydrons (alloy of lead and sodium) - sulphur blue - sulphur black - vat colors.		
Chromium and direct acid colors.	300	60,000
Bonthonite	500	1,500
Graphite	200	600
Pumice stone	1,500	3,000
Barium sulphate	3,000	4,200
Talc	1,000	1,500
Earth-colors	500	1,100
Typewriting machines (minimum)	3,000 units	18,000

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	(M. tons)	(000 Belgian francs)
	(figures are approximate)	
Artificial dyes, viz: blue hydrons (alloy of lead and sodium) - sulphur blue - sulphur black - vat colors.		
Chromium and direct acid colors.	300	40,000
Benthonite	500	1,500
Graphite	200	800
Pumice stone	1,500	3,000
Barium sulphate	3,000	4,200
Talc	1,000	1,500
Earth-colors	500	1,100
Typewriting machines (minimum)	3,000 units	18,000
APPROXIMATE TOTAL		90,100

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Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : ERITREA

Comm. Eugenio Spinelli, a prominent industrialist of Eritrea and Egypt and import/exporter of Eritrea, arrived in Italy recently for the purpose of examining and studying the possibilities of a tripartite agreement for trade among the three countries, Italy, Eritrea, and Egypt. His visit to Italy had the endorsement of both the Comptroller of Finance and Accounts in the Civil Affairs Branch of Cairo and the Trade Commissioner of the British Military Administration of Eritrea.

Attached is a summary of Comm. Spinelli's views and recommendations on trade among the three nations, Italy, Eritrea, and Egypt.

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HEADQUARTERS ALLIED COMMISSION
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FRANK K. TOOBY, Lt. Colonel, R. A.
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Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : ERITREA

Eritrea is, at present, in a favourable position to commence trade with Italy by exporting to Italy the following supplies :

Fresh bovine, ovine, and pork
Poultry and eggs
Potatoes, tomatoes
Coffee
Farinaceous foods
Hides and boots
Trochus, madrepore, korozo for buttons
Buttons made of dum-palm core, trochus or madrepore.
(the above commodities are available in considerable quantities and at reasonable prices.)

Minor products such as : matches, beer, artificial wines, liquors, glassware, earthenware, bones mucilage, euphorbia, timber, and other less important goods.

By so doing Eritrea supplies to Italy sorely needed food supplies and at the same time provides a means of employment for her own population.

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Hides and boots
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However, because of the inflated Italian market price, it is not advantageous for Eritrea to import goods from Italy with the possible exception of :

Small shipments of bottled wines and vermouths
Motors and machinery
Spare motor parts
Seeds for horticulture and fruit orchards.

There is a fair demand in Eritrea for these imports.

In Egypt, on the contrary, there are considerable available funds in appreciated currencies and the following imports from Italy would therefore be in great demand.

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Wine (Castelli Romani, Chianti), vermouth, liquors
Citric Acid
Murano glasswork, chinaware, earthenware, artistic ceramics
Covers and cutlery
Natural silk threads; silk, rayon, wool, cotton, linen and hemp stuffs.
Leather gloves
Perfumes
Hats
Sicilian bergamot

Because these goods would be in competition to a certain extent with Egyptian made goods, they would necessarily have to be of the best quality.

Having outlined above the comparative supply situation in Italy, Eritrea, and Egypt, Mr. Spinelli's proposed trade with three countries should be carried out as follows :

Italy will import from Eritrea some of the above-mentioned products which will be paid for in East-African currency by an Egyptian financial organization which, to reimburse itself, will import from Italy products required by the Egyptian market. The commodities purchased in Italy for export to Egypt will be paid for in Italian currency from the proceeds of sale in Italy of goods imported from Eritrea.

To effectuate the above transactions it is necessary to take into account the present shipping difficulties.

In this connection, it is suggested that non-perishable commodities be shipped to Ismailia (Egypt) using the monthly ship operated by the Italian Government for supplying the Italian ships interned at Ismailia. From there the goods could be transferred by railway up to the rail-head and then re-shipped to Massawa by the Khedivial Company liners.

This should be only a temporary arrangement. Negotiations are already underway for the purchase of a 1,000/2,000 ton ship to be assigned to the Mediterranean-Red Sea trade. In due time a full statement of the above transactions will be made in order to secure the necessary authorizations.

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In the event this plan is considered feasible it is necessary to have a general over-all permit in order to negotiate the purchases and the sales of the products for import and export.

The situation at present is such as to make it possible to import into Italy from Egypt 15,000 bales of raw cotton to be worked into cotton threads and cotton cloth for re-export to Egypt. The terms of this transaction could be the same as for the first tentative shipment of 645 quintals of raw cotton and 135 quintals of raw wool of Eritrean production now enroute to Italy for manufacture and re-export in accordance with the permit issued by the

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the Italian Ministry of Commerce and letter No. 42736/834 of 10 November 1945. The names of the Italian mills selected for this manufacturing will be furnished as soon as discussions with the industrialists regarding terms of production etc. are concluded.

All the above transactions, though resulting in a certain amount of personal profit, are very vital for the resumption of trade and commercial relations between Italy and other countries.

/ s / EUGENIO SPINELLI

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Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : THE NETHERLANDS

Details of the proposed clearing plan between Italy and the Netherlands are not very complete. The plan provides for an exchange of goods to the value of 1,100,000 Dutch florins. No quantities of goods are given but the main items are :

Italian exports :

Citrus fruits	Dutch florins	717,000
Seeds	" "	260,000
Herbs	" "	13,000
Fruit pulps	" "	10,000
"Tomografi" and "Cranografi"	" "	100,000
	Dutch florins	1,100,000

Netherlands exports :

Potatoes for sowing	Dutch florins	600,000
Electrical material	" "	350,000
Flower bulbs	" "	100,000
Vegetable garden seeds	" "	50,000
	Dutch florins	1,100,000

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Seeds	" "	260,000
Herbs	" "	13,000
Fruit pulps	" "	10,000
"Tomografi" and "Cronografi"	" "	100,000
	Dutch florins	1,100,000

Netherlands exports :

Potatoes for sowing	Dutch florins	600,000
Electrical material	" "	350,000
Flower bulbs	" "	100,000
Vegetable garden seeds	" "	50,000
	Dutch florins	1,100,000

These particulars are not sufficiently detailed to enable Allied Commission to obtain allocations of the controlled commodities. Accordingly, the Ministry of Foreign Affairs has been requested to elaborate its proposals.

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Director
Commerce (Foreign Trade) Sub-Commission

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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : POLAND

Negotiations have been in progress since last August with a view to recommencing trade with Poland.

Italy is anxious to obtain coal from any available source in order that industries in the North can increase production.

Recently, an Italian Trade Mission visited Warsaw to discover whether Poland was prepared to supply some of the coal required. The Mission ascertained that Poland is in a position to supply 720,000 tons yearly and that it is technically possible to move such coal into Italy.

The Italian Government suggest that payment should be made by opening a dollar account in favor of the Polish Government, representing cash to be used in Italy for the purchase of certain specified commodities.

The commodities offered to Poland are shown in attached tables.

Some of these goods are controlled by the Combined Boards. So far the only allocation asked for and granted is in respect of the 12,000 tons of lemons.

The Italian Government realizes that many of the other commodities which it proposes to make available to Poland are in very short supply on the Italian home market. Nevertheless it contends that the importance of acquiring the coal is such that the exports are justifiable.

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The Italian Government realizes that many of the other commodities which it proposes to make available to Poland are in very short supply on the Italian home market. Nevertheless it contends that the importance of acquiring the coal is such that the exports are justifiable.

As the proposal to import a very large quantity of coal from Poland has only just been submitted to the Allied Commission it has not yet been possible for all the interested authorities to be consulted and no decision may be expected for some time.

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NOTE : (It is now understood that allocations of certain (as yet unspecified) RCL items to Polandare not necessary since Poland does not receive all allocations from Combined Boards. Clarification of the extent of the Combined Boards interest in Poland, if any, has been requested from Washington.)

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TABLE 1

ITALIAN COMMODITIES TO BE EXPORTED TO POLAND

GOODS	QUANTITY (metric tons)
Lemons	12,000
Oranges	7,000
Tangerines	1,000
Almonds (shelled)	300
Hazelnuts (shelled)	150
Pistachios (shelled)	0.5
Pinenos (shelled)	2
Walnuts	10
Fruit pulps	1,000
Essential oils	3
Almond oil	25
Citrus juices	50
Licorice root	5
Licorice juice	5
Medical herbs	20
Orris	5
Juniper berries	10
Nucleoginous seeds	30
Lucerne seeds and others	10
Mustard seed	10
Sumac	20
Raw cork	50
Raw silk	40
Silk waste yarn	30
Silk fabrics	1
Goods of celluloid, bakelite, and other plastic materials.	10
Pipes	1
Brushes and paint brushes	10
Zinc minerals	10,000
Mercury	25

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Fruit pulps	1,000
Essential oils	5
Almond oil	25
Citrus juices	50
Licorice root	5
Licorice juice	5
Medical herbs	20
Orris	5
Juniper berries	10
Nondleaginous seeds	30
Lucerne seeds and others	10
Mustard seed	10
Sumac	20
Raw cork	50
Raw silk	40
Silk waste yarn	30
Silk fabrics	1
Goods of celluloid, bakelite, and other plastic materials.	10
Pipes	1
Brushes and paint brushes	10
Zinc minerals	10,000
Mercury	25
Sulphur	500
Punice stone	100
Magnesium sulphate	5
Marble	1,000
Marble products	-
Rice straw	-
Hats	-
Artisan products	-
Wine	1,500 hectoliters
Vermouth	1,000 hectoliters
Accordions	500 units
Citrus peels	50

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TABLE 2

ITALIAN COMMODITIES TO BE EXPORTED TO POLAND

Tractors.
Diesel motors, gas motors, turbines.
Optical instruments.
Nautical and navigation instruments.
Apparatus for luminous projections.
Measuring apparatus and instruments.
Low powered electric motors.
Pumps (motor-pumps and hand-pumps).
Electric apparatus for autovehicles.
Telephone and telegraph apparatus.
Apparatus for cinema projectors (talking), for radio-telephony, for radio-telegraphy, (receiving and transmitting), and spare parts for same.
Typewriters.
Calculating machines, adding machines etc.
Sewing machines.
Machines for mills and paste-making establishments.
Machines for brick manufacture.
Registrators and spare parts.
Machines for spinning, weaving, knitting etc.
Machine tools (lathes, trepans, milling-machines, planing-machines etc.)
Presses, mallets and hydraulic-hammers.
Steam generating boilers.
Lifting apparatus.

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Telephone and telegraph apparatus.
Apparatus for cinema projectors (talking), for radio-telephony, for radio-telegraphy, (receiving and transmitting), and spare parts for same.
Typewriters.
Calculating machines, adding machines etc.
Sewing machines.
Machines for mills and paste-making establishments.
Machines for brick manufacture.
Registrators and spare parts.
Machines for spinning, weaving, knitting etc.
Machine tools (lathes, trepans, milling-machines, planing-machines etc.)
Presses, mallets and hydraulic-hammers.
Steam generating boilers.
Lifting apparatus.

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TABLE 3

COMMODITIES TO BE EXPORTED TO POLAND

Productions which could be effected by the Italian industry provided that the necessary main raw materials are previously supplied :

Electric locomotives, motor driven engines (tramway and railway etc.)
Railway wagons (open and closed)
Naval constructions in general

As far as locomotives and other heavy electrical materials are concerned, the production would also be possible subject however to Poland being able to supply magnetic plate.

NOTE : The Polish Government was presented with the above tables 1, 2, and 3. It is believed, however, that Poland

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Electric locomotives, motor driven engines (tramway and railway etc.)
Railway wagons (open and closed)
Naval constructions in general

As far as locomotives and other heavy electrical materials are concerned, the production would also be possible subject however to Poland being able to supply magnetic plate.

NOTE : The Polish Government was presented with the above tables 1, 2, and 3. It is believed, however, that Poland will limit purchases to tables 2 and 3.

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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

The attached document is a memorandum received by Allied Commission on 3 December 1945 from the Italian Ministry of Foreign Affairs on the latest status of the Italo-Soviet Trade negotiations.

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The attached document is a memorandum received by Allied Commission on 3 December 1945 from the Italian Ministry of Foreign Affairs on the latest status of the Italo-Soviet Trade negotiations.

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FREDK. W. TOOBY, Lt. Colonel, R. A.
Director
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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : RUSSIA

MEMORANDUM FOR THE ALLIED COMMISSION
from
Italian Ministry of Foreign Affairs

SUBJECT : Italo-Soviet Trade Negotiations

Reference is made to Allied Commission's note AC/5127/A/Commerce, dated 20 November 1945.

During the exchange of views which has taken place between the Italian ambassador in Moscow and the Soviet Government, the possibility of a resumption of Italo-Soviet trade relations has been considered.

It has been suggested, on the Italian side, that Italy could export industrial products to the USSR (viz. the articles in which the Soviets are mainly interested) provided that the raw materials needed for the manufacture of said products be supplied in advance by the Soviet Union.

The Soviet Government has expressed its agreement [illegible] the above conditions and has asked for further

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MEMORANDUM FOR THE ALLIED COMMISSION
from
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It has been suggested, on the Italian side, that Italy could export industrial products to the USSR (viz. the articles in which the Soviets are mainly interested) provided that the raw materials needed for the manufacture of said products be supplied in advance by the Soviet Union.

The Soviet Government has expressed its agreement in principle to the above conditions and has asked for further details concerning the products which Italy could supply to the Soviet Union.

An official of the Ministry for Foreign Affairs, Economic Affairs Department, has consequently gone to Milan for a survey, to be carried out through personal interviews with the interested manufacturers, tending to ascertain whether the Italian industries have the possibility to meet the special requirements of the Soviet Government. This survey has been confined for the time being to the field of mechanical industries.

The goods, mainly raw materials, which Italy desires to obtain from the USSR, as counterpart of its own supplies, ought to be considered in the framework of the Italian proposals.

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The Soviet Government has, moreover, evinced a special interest in the possibility of having vessels built in the Italian shipyards, and the Ministry for Foreign Affairs hastened - through the Italian Embassies in London and Washington - to inform thereof the British and United States Governments. The reply has been to the effect that no objections are raised in principle, provided no war-ships are built. It may be added that, on the Italian side, it was already intended to limit the offer to the construction of mercantile ships.

Rome
1 December 1945

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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : SPAIN

Settlement of the Spanish debt to Italy is a factor in the establishment of a trade agreement between the two countries. Under date of 27 October 1945, the Ministry of Foreign Affairs stated that the Italian and Spanish commercial delegations in Madrid have reached an agreement, along general lines, which provides for larger exports from Spain to Italy than from Italy to Spain.

The resulting difference between Italy's imports and exports will be covered by consolidating or converting into pesetas some installments of the Spanish War Loan.

The following are the chief items of controlled commodities which figure in the projected agreement :

SPANISH EXPORTS

Ox skins	500 Tons
Sheep skins	500 Tons
Lead	5,000 Tons
Tunney in oil	3,000 Tons
Other fish in oil	3,000 Tons
Olive oil	200 Tons
Salted fish	1,600 Tons

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Other fish in oil	3,000 Tons
Olive oil	200 Tons
Salted fish	1,600 Tons
Copper	200 Tons
Shoes	3,000,000 Lire
Okoumé wood	4,000 Tons
Cocoa	400 Tons
Potassium fertilizers	2,000 Tons

ITALIAN EXPORTS

Raw hemp	500 Tons
Combed hemp	100 Tons
Cordage and hemp	50 Tons
Stuffs for panels	1,000 Tons
Essential oils and essences	50 Tons
Citric acid	50 Tons
Orchard seeds	50 Tons
Meadow seeds	40 Tons

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Figures listed are not firm. Confirmation has been requested.

In addition to the above items for which allocations have been requested, the Italian Government has negotiated for the supply, by Spain, of 8,000 to 10,000 tons of colophony (rosin). Allied Commission is unable to agree to this proposal owing to the critical world shortage. The British Commercial Attaché in Madrid has informed the Italian Commercial Attaché in Madrid that there would be objection to the export of colophony (which was already known), cocoa, and fish in oil.

It is not known whether this view will be confirmed by the Combined Boards but when application for allocation is made to Washington, a decision will be communicated to A.C.

However, there is in London a rosin working group, under the auspices of the Ministry of Supply, on which are representatives of the chief European rosin-consuming countries. Their function is to allocate available supplies on an equitable basis. They work with the approval and cooperation of the Combined Raw Materials Board in Washington to whom they are subordinate in that any allocation must be formally confirmed by the Board.

Hitherto Italy has not been represented on this working group but the Ministry of Supply has indicated its readiness to recommend that Italy shall be admitted to membership. This suggestion has been put to the Italian Government and the Italian Government has confirmed that it desires to join this rosin working group and has signalled to its Embassy in London appointing Sig. Signorelli as the Italian representative. The advantage to Italy would be considerable for she would be able to assure herself that, although the Allied authorities do not agree to Spain supplying a large amount of colophony to Italy, she would receive a fair share of the available European supplies.

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FREDK. W. TOOBY, Lt. Colonel, R. A.
Director
Commerce (Foreign Trade) Sub-Commission

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HEADQUARTERS ALLIED COMMISSION
Commerce (Foreign Trade) Sub-Commission
Rome, Italy

NOTES ON ITALIAN FOREIGN TRADE

PART I : INTERNATIONAL TRADE NEGOTIATIONS 11 December 1945

SECTION : SWEDEN

A trade agreement for a period of six months, renewable for further periods of six months unless terminated by either party at one month's previous notice, has been approved by the Swedish Government. The Italian and Swedish Governments are signing the agreement, which will become immediately effective, subject to the undertaking NOT to move any RCL items unless and until the allocations are made by the Combined Boards. Settlement of the old Italo-Swedish clearing has been postponed to a later date.

The Swedish agreement is the most advanced of all the present negotiations. Comprehensive lists of goods concerned have been received and allocation has been requested of all the controlled commodities, with the exception of one item about which further technical clarification is awaited.

See attached table 1 and table 2 concerning Italian and Swedish goods.

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See attached table 1 and table 2 concerning Italian and Swedish goods.

FREDK. W. TOOEY, Lt. Colonel, R.A.
Director
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Declassified E.O. 12356 Section 3.3/NND No. 785015

TABLE 1

SWEDISH COMMODITIES TO BE IMPORTED INTO ITALY

GOODS	QUANTITY	VALUE (millions of kronor)
Iron and steel		4.5
Machinery, tools and precision instruments		4.5
Wood for packing		0.25
Insulation panels		0.25
Mechanical wood pulp, dried		0.5
Rayon cellulose	44,000 tons	26.0
Noble cellulose	2,000 tons	
Paper cellulose	15,000 tons	
Paper and paper board		3.5
Other commodities		3.5

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

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Rayon cellulose	44,000 tons	26.0
Noble cellulose	2,000 tons	
Paper cellulose	15,000 tons	
Paper and paper board		3.5
Other commodities		3.5

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TABLE 2

ITALIAN COMMODITIES TO BE EXPORTED TO SWEDEN

GOODS	Semi-annual Quantity (in tons)	VALUE (in kroner)
Oranges	5,000	
Lemons	2,000	
Citrus fruit in brine	100	
Fruit pulps	250	
Orange peels	80	
Almonds	500	
Shelled hazelnuts	500	
Flower seeds	20	
Straw braids	10	
Licorice root	50	
Orange juice	100	
Wine, vermouth and liqueurs	3,000	
Asbestos fibre	50	
Talc	100	
Pumice stone	500	
Citric Acid	100	
Tartaric Acid	100	
Salt	10,000	
Chemicals		100,000
Almond oil	10	
Lemon oil	10	
Other volatile oils	5	
Cork	50	
Hemp	800	
Silk yarn	20	
Rayon	350	
Hemp yarn, string and cordage	10	
Artificial and natural silk tissues	350	
Tissues made entirely of fleece or containing cotton, wool or hemp		

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Liccrice root	50		
Orange juice	100		
Wine, vermouth and liqueurs	3,000		
Asbestos fibre	50		
Talc	100		
Pumice stone	500		
Citric Acid	100		
Tartaric Acid	100		
Salt	10,000		
Chemicals			100,000
Almond oil	10		
Lemon oil	10		
Other volatile oils	5		
Cork	50		
Hemp	800		
Silk yarn	20		
Rayon	350		
Hemp yarn, string and cordage	10		
Artificial and natural silk tissues	350		
Tissues made entirely or fiocco or containing cotton, wool or hemp and tissues of pure cotton	350		
Hemp tissues	10		
Stockings and "bonnetteries" made of silk, rayon, and cotton	60		
Mens' hats made of hair and wool	40,000	units	
Ladies' hats and hairfelts	40,000	units	
Marble slates and panels	2,000		
Earthenware			10,000
Glassware			10,000
Quicksilver	100		
Teleprinters			100,000
Motor-car spare parts			100,000
Typewriters and spare parts	10		
Accounting machines	5		
Other commodities			3,000,000

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

COPY

14 December 1945

My dear Mr. Ambassador:

Thank you for your letter 631 of 12 December enclosing copy of a Note Verbale received from the Ministry for Foreign Affairs regarding the Italian-Swiss Commercial and Financial Agreements, and a copy of a translation of the Italian Note prepared by the Embassy.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Hon Alexander Kirk
American Ambassador
Via Vittorio Veneto 119
Rome

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Enclosure No. 2 to despatch No. 2767 of December 12, 1945, from the American Embassy in Rome, entitled "Transmitting Italian Note Verbale dated December 6, 1945 with respect to Italo-Swiss commercial and financial agreements."

Translation

NOTE VERBALE

No. 42/29367/175

The R. Ministry of Foreign Affairs has the honor to acknowledge receipt of the American Embassy's Note Verbale No. 323 with respect to the commercial and financial agreements recently concluded between Italy and Switzerland. In that note the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,154. but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate.

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conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,954. but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate. Given Italy's diminished capacity of exportation, and given the undertaking which Italy assumed to release for the gradual amortization of the old debts 15% of its exportations, the two Governments had to take into consideration the eventuality that at least for the period of two years the balance of payments would present a debt for Italy of approximately 40 million Swiss francs per annum. The loan was designed precisely to cover that deficit and thus to prevent the interruption of the normal flow of merchandise which otherwise would have occurred. The Swiss economy came to the aid of the Italian economy, supplying it, at least in the first period, with means for paying its debts and for permitting it to import machinery and other products necessary to its reconstruction. Lacking the settlement of the old debts the necessity for a loan, granted to meet that situation and to attain that end could be considered on the part of the Swiss as having passed.

Therefore, the decision of the American Government renders doubtful the retaining of the loan, and at the same time causes to disappear the very advantageous settlement obtained for the residual financial debt of 58 million Swiss francs, for which there was obtained a reduction in interest from 3 3/4 to 1½ per cent, with a saving of over a million and one half Swiss francs per annum.

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Taking account of these circumstances, should the American Government not feel that it can limit the prohibition against the settlement of the old debts to the single debt of 130 millions for supplies of arms, no other means is left to the Italian Government for making possible the revival of traffic with Switzerland than that of entering into contact with the Swiss Government with a view to examining the modifications to be made in the agreements stipulated in August.

The R. Government will hasten therefore to communicate to the Swiss Government, in conformity with the desire expressed, the decision of the American Government with regard to the settlement of the old debts and to the impossibility of carrying that settlement into execution.

The R. Government has also examined with the greatest attention the second part of the Note Verbale, to which this is a response, and wishes to declare that -- as is also well-known to the American Government -- it adheres fully to the principles of commercial policy which the American Government recommends and that it considers the bilateral commercial and payments agreements as expedients imposed by the present difficult economic conditions and above all by the extreme scarcity of foreign exchange.

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to re-inforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

Rome, December 6, 1945

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

recommends and that it considers the bilateral commercial and payments agreements as expedients imposed by the present difficult economic conditions and above all by the extreme scarcity of foreign exchange.

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to re-inforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

Rome, December 6, 1945

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

Enclosure No. 2 to Despatch No. 2767 of December 1, 1945, from the American Embassy in Rome, entitled "Transmitting Italian Note Verbale dated December 6, 1945 with respect to Italo-Swiss commercial and financial agreements."

Translation.

NOTE VERBALE.

No. 42/29367/175

The R. Ministry of Foreign Affairs has the honor to acknowledge receipt of the American Embassy's Note Verbale No. 323 with respect to the commercial and financial agreements recently concluded between Italy and Switzerland. In that note the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,554, but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the

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Italy and Switzerland. In that note the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,954, but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

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The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the

basis

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

basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate. Given Italy's diminished capacity of exportation, and given the undertaking which Italy assumed to release for the gradual amortization of the old debts 15% of its exportations, the two Governments had to take into consideration the eventuality that at least for the period of two years the balance of payments would present a debt for Italy of approximately 40 million Swiss francs per annum. The loan was designed precisely to cover that deficit and thus to prevent the interruption of the normal flow of merchandise which otherwise would have occurred. The Swiss economy came to the aid of the Italian economy, supplying it, at least in the first period, with means for paying its debts and for permitting it to import machinery and other products necessary to its reconstruction. Lacking the settlement of the old debts the necessity for a loan, granted to meet that situation and to attain that end could be considered on the part of the Swiss as having passed.

Therefore, the decision of the American Government renders doubtful the retaining of the loan, and at the same time causes to disappear the very advantageous settlement obtained for the residual financial debt of 58 million Swiss francs, for which there was obtained a reduction in interest from 3 3/4 to 1½ per cent, with a saving of over a million and one half Swiss francs per annum.

Taking account of these circumstances, should the American Government not feel that it can limit the prohibition against the settlement of the old debts to the single debt of 130 millions for supplies of arms, no other means is left to the Italian Government for making possible the revival of traffic with Switzerland than that of entering into contact with the Swiss Government with a view to examining the modifications to be made in the agreements stipulated in August.

The R. Government will hasten therefore to communicate to the Swiss Government, in conformity with the desire expressed, the decision of the American Government with regard to the settlement of the old debts and to the impossibility of carrying that settlement

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Declassified E.O. 12356 Section 3.3/NND No. 763015

machinery and other products necessary to its reconstruction. Lacking the settlement of the old debts the necessity for a loan, granted to meet that situation and to attain that end could be considered on the part of the Swiss as having passed.

Therefore, the decision of the American Government renders doubtful the retaining of the loan, and at the same time causes to disappear the very advantageous settlement obtained for the residual financial debt of 58 million Swiss francs, for which there was obtained a reduction in interest from 3 3/4 to 1½ per cent, with a saving of over a million and one half Swiss francs per annum.

Taking account of these circumstances, should the American Government not feel that it can limit the prohibition against the settlement of the old debts to the single debt of 130 millions for supplies of arms, no other means is left to the Italian Government for making possible the revival of traffic with Switzerland than that of entering into contact with the Swiss Government with a view to examining the modifications to be made in the agreements stipulated in August.

The R. Government will hasten therefore to communicate to the Swiss Government, in conformity with the desire expressed, the decision of the American Government with regard to the settlement of the old debts and to the impossibility of carrying that settlement into execution.

2437 The R. Government has also examined with the greatest attention the second part of the Note Verbale, to which this is a response, and wishes to declare that—as is also well-known to the American Government—it adheres fully to the principles of commercial policy which

the American

Declassified E.O. 12356 Section 3.3/NND No. 735015

the American Government recommends and that it considers the bilateral commercial and payments agreements as expedients imposed by the present difficult economic conditions and above all by the extreme scarcity of foreign exchange.

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to reinforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

R o m e, December 6, 1945.

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Rome, December 6, 1945.

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

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

COPY

14 December 1945

My dear Mr. Ambassador:

Thank you for your letter 631 of 12 December enclosing copy of a Note Verbale received from the Ministry for Foreign Affairs regarding the Italian-Swiss Commercial and Financial Agreements, and a copy of a translation of the Italian Note prepared by the Embassy.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Hon Alexander Kirk
American Ambassador
Via Vittorio Veneto 119
Rome

2435 DISTRIBUTION:
Exec Comnr
Econ Sec
Chief Finan Adviser

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CJ/400/4

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COPY

Enclosure No. 2 to despatch No. 2767 of December 12, 1945, from the American Embassy in Rome, entitled "Transmitting Italian Note Verbale dated December 6, 1945 with respect to Italo-Swiss commercial and financial agreements."

Translation

NOTE VERBALE

No. 42/29367/175

The R. Ministry of Foreign Affairs has the honor to acknowledge receipt of the American Embassy's Note Verbale No. 323 with respect to the commercial and financial agreements recently concluded between Italy and Switzerland. In that note the Government of the United States makes known that it cannot approve those provisions of the above-mentioned agreements which constitute the recognition or the settlement of the debts contracted during the period of hostilities, i.e. between June 10, 1940 and September 8, 1943, and that if it is led to admit the settlement of the debts (contracted) prior to June 10, 1940, this is because it recognizes the importance both for Italy and for Switzerland of the revival of commercial relations, as well as the advantages which Italy would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,554, but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated

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

of the revival of commercial relations, as well as [illegible] would derive from the loan of 80 million Swiss francs granted on equitable conditions. The American Government suggests therefore that the Italo-Swiss agreements be modified, limiting the settlement of the debts to those contracted prior to June 10, 1940, and hopes that with such modification the above-mentioned agreements may promptly enter into effect.

In this connection, the R. Government is impelled to declare that the suggestion made by the American Government is bound to remain inoperative in great part because there do not exist debts of date prior to June 10, 1940 and which have given rise to payments into the clearing account. The Italo-Swiss clearing presented on that date a balance owed by Italy of Lire 78,162,134. but all of the items of which it was composed were already extinguished at the end of November 1942. The global debt of 370 million Swiss francs, which forms the subject of the settlement to which objection is made, comprises only debit items created during the period of war, either for supplies of military character or, in greater part, for supplies of merchandise destined for the civil population. Therefore, the declaration of the American Government which prohibits the settlement of the debts arising during the period of hostilities creates an insurmountable obstacle to the settlement, even partial and even limited to civilian supplies, of that large mass of debts.

The R. Government, not having yet had contact with the Swiss Government, is not in a position to know whether in spite of the lack of settlement of the debts the revival of commercial relations on the basis of the agreement stipulated in August is possible or not. Insofar as concerns the loan, it is intimately tied to the settlement of the old debts and might have to follow their fate. Given Italy's diminished capacity of exportation, and given the undertaking which Italy assumed to release for the gradual amortization of the old debts 15% of its exportations, the two Governments had to take into consideration the eventuality that at least for the period of two years the balance of payments would present a debt for Italy of approximately 40 million Swiss francs per annum. The loan was designed precisely to cover that deficit and thus to prevent the interruption of the normal flow of merchandise which otherwise would have occurred. The Swiss economy came to the aid of the Italian economy, supplying it, at least in the first period, with means for paying its debts and for permitting it to import machinery and other products necessary to its reconstruction. Lacking the settlement of the old debts the necessity for a loan, granted to meet that situation and to attain that end could be considered on the part of the Swiss as having passed.

Therefore, the decision of the American Government renders doubtful the retaining of the loan, and at the same time causes to disappear the very advantageous settlement obtained for the residual financial debt of 58 million Swiss francs, for which there was obtained a reduction in interest from 3 3/4 to 1½ per cent, with a saving of over a million and one half Swiss francs per annum.

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Taking account of these circumstances, should the American Government not feel that it can limit the prohibition against the settlement of the old debts to the single debt of 130 millions for supplies of arms, no other means is left to the Italian Government for making possible the revival of traffic with Switzerland than that of entering into contact with the Swiss Government with a view to examining the modifications to be made in the agreements stipulated in August.

The R. Government will hasten therefore to communicate to the Swiss Government, in conformity with the desire expressed, the decision of the American Government with regard to the settlement of the old debts and to the impossibility of carrying that settlement into execution.

The R. Government has also examined with the greatest attention the second part of the Note Verbale, to which this is a response, and wishes to declare that -- as is also well-known to the American Government -- it adheres fully to the principles of commercial policy which the American Government recommends and that it considers the bilateral commercial and payments agreements as expedients imposed by the present difficult economic conditions and above all by the extreme scarcity of foreign exchange.

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to re-inforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

Rome, December 6, 1945

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

The R. Government hopes that gradually, as the reconstruction of Italian economy proceeds, the flow of means of making foreign payments will increase and that the day will soon come when Italy can again be one of the factors of the reconstituted world economy, thanks to the aid of that international economic-financial collaboration which the powerful American nation intends to promote and to re-inforce.

No obstacle to the adherence to such a program can result to Italy from the Italo-Swiss agreements, since these, should they enter into effect, can be denounced at any moment with three months advance notice.

Rome, December 6, 1945

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CITE PAACA
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G/5602
DEB 151030

PRIORITY

TN USFA

CHQ CMF

INFO: ALLIED COMMISSION ROME

CONFIDENTIAL

Reference number C-44526, all further Italian Austrian trade negotiations to wait arrival of italian trade delegation due here here 3 January 1946.

AC DIST

INFO ACTION: DOMMERCE S/C
INFO: CHIEF COMMISSION
ECON.SEC. 2
FILE 2
FLOAT

2432

INCOMING MESSAGE

Headquarters Allied Commission

Originator's Reference: 34607 Message Centre No G/5504

Date/ Time of Origin: 131450 Date Time Rec'd 140630

Precedence PRIORITY

FROM : THE WAR OFFICE

To: ALCOM ROME RPTI MTHQ BAS WASHINGTON FOR CCAC

UNCLASSIFIED

Reference MOC 403. Resumption of private trade between Italy and foreign countries.

1. Whilst we have no objection on general grounds board of trade consider it would be confusing to issue press release in London assuggested in para 6 since previous press announcements have already made position clear. 2 M arrangements are therefore being made for press release not (repeat) not to be issued in London

AC DIST

ACTION DIRECTION: ECON.SEC 18
CSO 6
SUPPLY GROUP
PROGRAM.BR.
REQUISITION BR.

ADVANCE COPIES TO: COMMERCE S/C

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

between Italy and foreign countries.

1. Whilst we have no objection on general grounds board of trade consider it would be confusing to issue press release in London asuggested in para 6 since previous press announcements have already made position clear. 2 M arrangements are therefore being made for press release not (repeat) not to be issued in London

AC DIST

ACTION DIRECTION: ECON.SEC 16
OSO 6
SUPPLY GROUP
PROGRAM.BR.
REQUISITION BR.10

ADVANCE COPIES TO: COMMERCE S/C 2
FINANCE S/C
FOOD-AGRIC.S/C 2
COAL DIV 1
IND.UTILITIES S/C 2
TN.S/C 2

INFO: CHIEF COMMISSIONER
EXEC.COMM. 2
CC DR. EMB.
WSA ROME
MWTR
FILE

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DEC 13 1945
CC 1515

AMERICAN EMBASSY
Rome, Italy,
December 12, 1945.

My dear Admiral:

For the information of the Allied Commission, I am pleased to enclose a copy of a Note Verbale dated December 6, 1945 received from the Ministry of Foreign Affairs regarding the Italian-Swiss Commercial and Financial Agreements, and a copy of a translation of the Italian Note prepared in the Embassy.

Sincerely yours,

A. Kuh

Rear Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
Rome.

Enclosures:

1. Italian Note Verbale dated December 6, 1945.
2. Translation of Note.

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Enclosure No. 1 to Despatch No. 2767 of December 1 , 1945, from the American Embassy in Rome, entitled "Transmitting Italian Note Verbale dated December 6, 1945 with respect to Italo-Swiss Commercial and financial agreements."

MINISTERO DEGLI AFFARI ESTERI

No. 42/29367/175

N O T A V E R B A L E.

Il Regio Ministero per gli Affari Esteri ha l'onore di accusare ricevuta della Nota Verbale No. 323 di codesta Ambasciata, relative agli accordi commerciali e finanziari, recentemente conclusi tra l'Italia e la Svizzera. Con questa Nota il Governo degli Stati Uniti d'America fa sapere che esso non può approvare quelle disposizioni dei suddetti accordi, che costituiscono il riconoscimento o il regolamento dei debiti contratti durante il periodo delle ostilità, e cioè tra il 10 giugno 1940 e l'8 settembre 1943, e che, se si induce ad ammettere il regolamento dei debiti anteriori al 10 giugno 1940, e perchè riconosce l'importanza, così per l'Italia come per la Svizzera, della ripresa delle relazioni commerciali, nonchè i vantaggi, che deriverebbero all'Italia dal prestito di 80 milioni di franchi svizzeri concesso ad equo condizioni. Il Governo Americano suggerisce pertanto che gli accordi italo-svizzeri siano modificati, limitando il regolamento dei debiti solo a quelli contratti anteriormente al 10 giugno 1940, e spera che, con tale modificazione, gli accordi suddetti possano presto entrare in vigore.

Al riguardo, il Regio Governo è costretto a dichiarare che il suggerimento, dato dal Governo Americano, è destinato a rimanere in gran parte inoperante perchè debiti di data anteriore al 10 giugno 1940 e che abbiano dato luogo a versamenti nel clearing non esistono. Il clearing Italo-svizzero presentava, a quella data, un saldo, a debito dell'Italia, di Lit. 76,162,554, ma tutte le partite, che lo componevano, risultavano estinte, già alla fine di novembre 1942. Il debito globale di 370 milioni di franchi svizzeri, oggetto della contestata sistemazione, comprende unicamente partite debitorie create si durante il periodo di guerra, sia per forniture di carattere bellico, sia, e in maggior parte, per forniture di merci destinate alla popolazione civile. Pertanto la dichiarazione del Governo Americano

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degli Stati Uniti d'America fa sapere che esso non può approvare quelle disposizioni dei suddetti accordi, che costituiscono il riconoscimento o il regolamento dei debiti contratti durante il periodo delle ostilità, e cioè tra il 10 giugno 1940 e l'8 settembre 1943, e che, se si induce ad ammettere il regolamento dei debiti anteriori al 10 giugno 1940, e perchè riconosce l'importanza, così per l'Italia come per la Svizzera, della ripresa delle relazioni commerciali, nonchè i vantaggi, che deriverebbero all'Italia dal prestito di 80 milioni di franchi svizzeri concesso ad equo condizioni. Il Governo Americano suggerisce pertanto che gli accordi italo-svizzeri siano modificati, limitando il regolamento dei debiti solo a quelli contratti anteriormente al 10 giugno 1940, e spera che, con tale modificazione, gli accordi suddetti possano presto entrare in vigore.

Al riguardo, il Regio Governo è costretto a dichiarare che il suggerimento, dato dal Governo Americano, è destinato a rimanere in gran parte inoperante perchè debiti di data anteriore al 10 giugno 1940 e che abbiano dato luogo a versamenti nel clearing non esistono. Il clearing Italo-svizzero presentava, a quella data, un saldo, a debito dell'Italia, di Lit. 78,162,554, ma tutte le partite, che lo componevano, risultavano estinte, già alla fine di novembre 1942. Il debito globale di 370 milioni di franchi svizzeri, oggetto della contestata sistemazione, comprende unicamente partite debitorie create si durante il periodo di guerra, sia per forniture di carattere bellico, sia, e in maggior parte, per forniture di merci destinate alla popolazione civile. Pertanto la dichiarazione del Governo Americano che inibisce la regolamentazione dei debiti sorti durante il periodo delle ostilità crea un ostacolo insormontabile alla sistemazione, anche parziale e anche limitata alle sole forniture civili, di quell'ingente massa di debiti.

Il R. Governo, non avendo ancora preso contatto col Governo svizzero, non è in grado di rendersi conto se, malgrado la mancata sistemazione dei debiti, la ripresa delle relazioni commerciali sulla base dell'accordo stipulato nel mese di agosto us., sia possibile o no. Per quanto poi concerne il prestito, esso è intimamente legato

alla

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sistemazione dei vecchi debiti e potrebbe doverne seguire le sorti. Data la dimimita capacita di esportazione dell'Italia, e dato l'impegno da essa assunto di rilasciare per il graduale ammortamento dei vecchi debiti il 1% delle proprie esportazioni, i due Governi dovettero prendere in considerazione l'eventualita che, almeno per il periodo di due anni, la bilancia dei pagamenti presentasse un debito per l'Italia di circa 40 milioni di franchi svizzeri all'anno. Il prestito era destinato appunto a colmare tale deficit ed ad impedire quindi l'interruzione del normale flusso di merci che altrimenti si sarebbe verificata. L'economia svizzera veniva in soccorso dell'economia italiana, fornendole, almeno nel primo periodo, i mezzi per pagare i suoi debiti, e per consentirle di importare le macchine e gli altri prodotti necessari alla sua ricostruzione. Venuta meno la regolamentazione dei vecchi debiti, potrebbe esser considerata superata da parte svizzere la necessita di un prestito, concesso per fronteggiare quella situazione e raggiungere quello scopo.

Pertanto la decisione del Governo Americano rende dubbio il mantenimento del prestito, e al tempo stesso fa cadere la ogni vantaggiosa sistemazione, ottenuta per il residuo debito finanziario di 50 milioni di franchi svizzeri, per cui si era ottenuta la riduzione dell'interesse dal 3 3/4 al 1½ con una economia di oltre un milione e mezzo di franchi svizzeri all'anno.

Tenuto conto di tali circostanze qualora il Governo Americano non creda di poter limitare il divieto posto alla sistemazione dei vecchi debiti al solo debito di 130 milioni per fornitura di armi, non resta aperti al R. Governo altro mezzo, per render possibile la ripresa dei traffici con la Svizzera, che il prender contatto col Governo Svizzero, allo scopo di esaminare le modificazioni da arrecarsi agli accordi stipulati nel mese di agosto.

Il R. Governo si affrettera pertio a comunicare al Governo svizzero, giusta il desiderio espresso, la decisione del Governo Americano in merito alla regolamentazione dei vecchi debiti, e all'impossibilita di metterla in esecuzione.

2428

Il R. Governo ha anche esaminata, con la maggiore attenzione, la seconda parte della Nota Verbale, cui si risponde; e tiene a dichiarare che—come del resto e ben noto al Governo Americano—esso aderisce pienamente ai principi di politica commerciale, che il Governo Americano raccomanda, e che esso considera gli Accordi bilaterali, di commercio e di pagamento, come espedienti imposti dalle difficolta

Declassified E.O. 12356 Section 3.3/NND No. 798015

Pertanto la decisione del Governo Americano rende dubbio il mantenimento del prestito, e al tempo stesso fa cadere la così vantaggiosa sistemazione, ottenuta per il residuo debito finanziario di 98 milioni di franchi svizzeri, per cui si era ottenuta la riduzione dell'interesse dal 3 3/4 al 1% con una economia di oltre un milione e mezzo di franchi svizzeri all'anno.

Tenuto conto di tali circostanze qualora il Governo Americano non creda di poter limitare il divieto posto alla sistemazione dei vecchi debiti al solo debito di 130 milioni per forniture di armi, non resta ormai al R. Governo altro mezzo, per render possibile la ripresa dei traffici con la Svizzera, che il prender contatto col Governo Svizzero, allo scopo di esaminare le modificazioni da arrecarsi agli accordi stipulati nel mese di agosto.

Il R. Governo si affretterà perciò a comunicare al Governo svizzero, giusta il desiderio espresso, la decisione del Governo Americano in merito alla regolamentazione dei vecchi debiti, e all'impossibilità di metterla in esecuzione.

242R

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cui

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Declassified E.O. 12356 Section 3.3/NND No. 735015

cui l'Italia potrà tornare ad essere uno dei fattori della ricostituita economia mondiale, grazie all'ausilio di quella collaborazione economico-finanziaria internazionale, che la potente Nazione Americana intende promuovere e potenziare.

Nessun ostacolo all'adesione di tale programma può derivare all'Italia dagli accordi italo-svizzeri, date che essi, qualora entrino in vigore, sono denunciabili ad ogni momento col preavviso di tre mesi.

R o m a, 6 dicembre 1945.

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

ACARMIT INFO AFHQ FOR FRUSSO RMEALTSO CO CMF BTA FOR LIAISON PARTY FROM ALCOM POKES

3814 7 December,1945 OP PRIORITY

SUBJECT IS IT ILO DARE AUSTRIA TRADE CONFERENCE IN VIENNA PD

PARA ONE PD YOUR MIMO TWO ZERO SIX AND MINE FOUR EIGHT FOUR SUB

EIGHT EIGHT THREE FOUR REPEA PD

PARA TWO PROBABLY ITALIAN GOVERNMENT UNABLE TO ARRANGE FOR DELEGATION

TO LEAVE BEFORE DECEMBER TWENTY SIX IN SPITE OF CONTINUAL PRESSURE

BY US PD

PARA THREE PROPOSED THAT DELEGATION WILL BE EIGHT PERSONS PD

NAMES WILL BE SENT SOON PD

PARA FOUR PROPOSED TO FLY HERE DARE NINE DARE VIENNA PD

PARA FIVE ITALIANS SUGGEST ITALY SUPPLIES FOLLOWING TO AUSTRIA PD

LEMONS, WINTER APPLES, AGRICULTURAL SEEDS, VEGETABLE AND FIELD SEEDS, HEMP AND HEMP YARNS, SOLVENTS, LEAD ORE, PYRITES, RAW SILK, SILK YARNS, BICICLE FRAMES, INTERNAL COMBUSTION MOTORS, MACHINE TOOLS AND WOOD WORKING MACHINES, TARTARIC ACID, CITRIC ACID, QUICKSILVER, CARBON DISULPHIDE, SULPHURIC ACID.

2426

CC/hpb

0713

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

PARA SIX ITALY REQUIRES GRAPHITE, CELLULOSE, MECHANICAL WOOD PULP, SAWN TIMBER, IRON ORE, MAGNESITE STONES, SCYTHES AND SICKLES PD THESE LISTS WILL BE INCREASED PD

PARA SEVEN PLEASE ADVISE EARLIEST CONVENIENT ARRIVAL DATE AFTER TWENTY SIX DECEMBER PD

2425.

Copies to: (Foreign Trade) E/C
350

C.J. LEGGE
CINC, USA
ASST AIJT.

0714

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

FOR ACTION ADVAN FOR CCS FOR CCAC FOR CLAC FOR LCFO ~~[redacted]~~ CURRAF

LONDON FOR CABINET SECRETARIAT REPTD APT. PRIORITY

9075 6 DECEMBER '45

PRIORITY

UNCLASSIFIED FD

THIS IS NOC FOUR ZERO THREE FD

SUBJECT IS RESUMING OF PRIVATE TRADE BETWEEN ITALY AND FOREIGN COUNTRIES FD

PARA TO FOR ACTION ADVAN FOR CCS FOR CCAC FOR CLAC FOR LCFO UK ~~[redacted]~~ CURRAF LONDON FOR CABINET SECRETARIAT REPTD APT. PRIORITY FROM ALCOM ~~[redacted]~~ PARA

PARA ONE FD BOTH UNITED STATES AND UNITED KINGDOM EMBASSIES IN ROME HAVE INFORMED THE ITALIAN GOVERNMENT THAT NECESSARY STEPS HAVE BEEN TAKEN BY THEIR GOVERNMENTS TO PERMIT RESUMING OF PRIVATE TRADE BETWEEN ITALY AND THEIR RESPECTIVE COUNTRIES SUBJECT TO SUCH CONTROLS AS THE ITALIAN GOVERNMENT MAY FIND NECESSARY UNLESS PARA ABLE PARA TO ENSURE THE USE OF ITALIAN FOREIGN EXCHANGE ONLY FOR IMPORTS OF ESSENTIAL IMPORTS OCARA AND PARA BARSA PARA TO PREVENT THE EXPORT OF PRODUCTS NEED D IN THE ITALIAN ECONOMY FD

PARA TWO FD THE ITALIAN GOVERNMENT HAD PROPOSED ESTABLISHMENT OF AN UNDERSECRETARIAT FOR FOREIGN TRADE IN THE MINISTRY OF INDUSTRY

...

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0715

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

AND COMMERCE, WHICH WAS TO BE THE CONTROLLING AUTHORITY IN THE EXPORT IMPORT LICENSING SYSTEM PD FOREIGN EXCHANGE CONTROL IS NOW THE RESPONSIBILITY OF THE RECENTLY ESTABLISHED UFFICIO ITALIANO DEI CAMBI FABBR ITALIAN EXCHANGE CONTROL OFFICE FABBR PD THE DRAFT OF THE DECREE SETTING UP THE UNDERSECRETARIAT FOR FOREIGN TRADE WAS REJECTED BY THE CONSULTA AT ITS SITTING ON TWO THREE NOVEMBER COMMA BEING THE OPINION OF THAT BODY THAT A NEW MINISTRY SHOULD BE SET UP WITH CONTROL OVER BOTH IMPORTS EXPORTS AND THE USE OF FOREIGN EXCHANGE PD NO FURTHER PROGRESS HAS BEEN MADE BECAUSE OF THE GOVERNMENT CRISIS PD

PARA THREE PD WITH THE ASSISTANCE OF ITALIAN AND AMERICAN COMMA MISSION COMMA WORK HAS PROCEEDED IN DRAFTING THE LAWS AND PROCEDURES FOR AN EXPORT IMPORT LICENSING SYSTEM AND INSTRUCTIONS TO THE ITALIAN PUBLIC AND PROVINCIAL CHAMBERS OF COMMERCE PD DETAILS OF THE DRAFTS ARE GIVEN IN FOLLOWING MOC AIRGRAM COMMA WHICH WILL REFER TO THIS TELEGRAM PD

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

PARA FOUR FD THE MINISTRY OF INDUSTRY AND COMMERCE HAS ALREADY AUTHORIZED COMMA IN SPECIFIC CASES COMMA CERTAIN FOREIGN TRADE TRANSACTIONS WHERE THE USE OF ITALIAN GOVERNMENT FOREIGN EXCHANGE FUNDS HAS NOT INVOLVED COMMA AND WHERE THE ITALIAN ECONOMY BENEFITTED BY THE PROVISION EITHER OF WORK OR OF RAW MATERIALS FD A LIST OF PERMITS ISSUED TO DATE HAS BEEN REQUESTED FROM THE MINISTRY AND WHEN RECEIVED IT WILL BE TRANSMITTED IN TWO SERIES FD ITALIAN COMMERCIAL ATTACHES IN WASHINGTON AND LONDON HAVE FULL DETAILS OF DEALINGS THUS AUTHORIZED WITH AMERICAN AND BRITISH FIRMS RESPECTIVELY FD

PARA FIVE FD ALLIED COMMISSION HAS ADVISED THE ITALIAN GOVERNMENT TO LIMIT THE LETTERS TO GENERAL PRIVATE TRADE CASES AND CONSIDERED THAT IT WOULD BE WELL PUBLICLY THAT IT IS NO LONGER ALLIED POLICIES WHICH RESTRICT THIS TRANSACTION BUT THE ISSUE OF APPROPRIATE ITALIAN LEGISLATION AND ADMINISTRATIVE MACHINERY BY THE ITALIAN GOVERNMENT FD

PARA SIX FD ALLIED COMMISSION COULD THEREFORE COME PROCEED TO ISSUE THE FOLLOWING PRESS RELEASE ON OR FIVE DECEMBER IF NO NOTICE OF

....

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

OBJECTION IS RECEIVED BEFORE THAT DATE AD IT IS SUGGESTED THAT SIMULTANEOUS RELEASES SHOULD BE MADE IN WASHINGTON AND IN LONDON IN THE SAME TERMS AD QUOTE THE ALLIED COMMISSION ANNOUNCED TODAY THAT AS SOON AS THE ITALIAN GOVERNMENT PROMULGATES THE NECESSARY LEGISLATION COMMA ITALY IS FREE TO RESUME PRIVATE FOREIGN TRADE BETWEEN FIRMS IN ITALY AND FIRMS IN OTHER COUNTRIES PD THE UNITED STATES AND UNITED KINGDOM GOVERNMENTS INFORMED THE ITALIAN GOVERNMENT AT THE BEGINNING OF NOVEMBER THAT THEY HAD LIFTED PRACTICALLY ALL OF THEIR REGULATIONS WHICH UNTIL THAT TIME HAD PREVENTED DIRECT PRIVATE TRADE NEGOTIATIONS BETWEEN ITALY AND THE UNITED KINGDOM AND UNITED STATES PD IN THE GENERAL LIFTING OF THE UNITED STATES AND UNITED KINGDOM CONTROLS AND REGULATIONS AN EXCEPTION WAS MADE IN THE CASE OF A FEW COMMODITIES WHICH ARE IN SHORT SUPPLY THROUGHOUT THE WORLD AD DEALINGS IN THESE COMMODITIES BY PRIVATE FIRMS ARE POSSIBLE BUT SUCH COMMODITIES ARE SUBJECT TO ALLOCATION BY THE ALLIED COMBINED SUPPLY BOARDS PD THE ALLIED COMMISSION POINTS OUT THAT THIS RELAXING CONTROL DOES NOT APPLY TO ITALY ALONE COMMA BUT ALSO TO OTHER COUNTRIES AND IN OBSERVING THESE REGULATIONS ITALY IS MERELY JOINING WITH

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0718

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

THE ALLIES IN CARRYING OUT A SYSTEM OF CONTROL AND ALLOCATION FOR THE COMMON GOOD. IT WAS UNDERSTOOD THE UNITED STATES AND UNITED KINGDOM GOVERNMENTS FURTHER STATED THAT THEY ANTICIPATED THAT THE ITALIAN GOVERNMENT ITSELF WOULD PLACE ITALIAN PRIVATE TRADE UNDER A LICENSING SYSTEM WHICH WOULD ENSURE THAT THE ITALIAN GOVERNMENT RETAINS CONTROL OF ALL FOREIGN EXCHANGE ARISING FROM THE SALE OF EXPORTS SUCH THAT ITALIAN ASSETS ARE USED ONLY FOR THE PURCHASE OF ITALIAN COMMERCIAL IMPORTS SUCH AND THAT NO PRODUCTS ARE EXPORTED FROM ITALY THAT ARE NEEDED IN ITALIAN SOCIETY AND THE ALLIED COMMISSION FINDS SUCH IMPORTS SUCH TO ENSURE THAT WHEN THE ITALIAN GOVERNMENT HAS ESTABLISHED ITS FOREIGN TRADE REGULATIONS AND IS IN A POSITION TO OPERATE ITS EXPORT LICENSING SYSTEM SUCH THAT WILL BE NO FOREIGN CRITICISM TO THE OPERATION OF PRIVATE TRADE BETWEEN ITALY AND OTHER COUNTRIES SUCH INCLUDING THE UNITED STATES AND GREAT BRITAIN OR UNDUE

2421

PROGRAM COORDINATION BRANCH
461

F.E. TOOEY
Lt. Col. R.A.

0719

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

6 December 1945

My dear Mr. Ambassador:

I thank you for your letter of 3 December enclosing copy of Note Verbale No. 325 sent by the Embassy to the Italian Ministry for Foreign Affairs.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

2421

The Hon. Alexander Kirk
American Embassy
Via Vittorio Veneto 119
Rome

4 Dec 45

0 7 2 0 1

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

6 December 1945

My dear Mr. Ambassador:

I thank you for your letter of 3 December enclosing copy of Note Verbale No. 325 sent by the Embassy to the Italian Ministry for Foreign Affairs.

Sincerely yours,

[illegible]

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

2419

The Hon. Alexander Kirk
American Embassy
Via Vittorio Veneto 119
Rome

CC/400/4

70

0721

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

FX 55387

4DE31122A

Q/4956

5DE31045A

ROUTINE

FREEDOM SIGNED SACHED

INFO

AQWAR WASHINGTON FOR COS FOR CCAC/CABINET OFFICES WHITEHALL FOR BRITISH CHIEFS OF STAFF USPET MAIN-ALCOM ROSE

RESTRICTED.

ITALIAN GOVERNMENT IMPORT-EXPORT FINANCING POLICY, MAT 950 REFERS. THIS IS MAT 959. ITALIAN GOVERNMENT STATE THAT INITIAL COEFFICIENT TO BE USED NOW 120 (120) PER CENT AS OPPOSED TO 100 PER CENT AS ORIGINALLY PROPOSED.

AC DIST

ACTN - FINANCE S/O
INFO - CHIEF COMMISSIONER
ECON SEC 2
FILE

2418

0722

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

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Rome, Italy,
December 3, 1945.

My dear Admiral:

With reference to my letter of October 19, 1945, with which I transmitted a copy of the Embassy's Note Verbale no. 269, dated October 18, to the Ministry of Foreign Affairs, I am pleased to transmit for your further information a copy of the Embassy's Note Verbale no. 325 dated December 1, 1945, also with regard to the steps which the United States Government plans to take toward the resumption of private trading with Italy.

Sincerely yours,

A. Kirk

400/CC

Rear Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
Rome.

2417

Enclosure:

Copy of Note Verbale no. 325, dated December 1, 1945.

(67)

0723

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

COPY

No. 325

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, with reference to its Note Verbale No. 269 of October 13, 1945, concerning certain steps which the United States Government proposes to take toward the resumption of private trading with Italy, has the honor to inform the Italian Government of the following change in the plans which the United States Government has made.

In the Note of October 18 it was stated that the United States Government proposes, effective December 1, 1945, to cause its participation in the procurement of Category "B" items in the United States under the Italian Program of Essential Imports. It is now learned from the Department of State that, because of unforeseen complications, the proposed change-over in the procedure for procuring items under the above-mentioned import program must be temporarily postponed. It is expected, however, that present difficulties will probably be overcome by the end of the present month. The Embassy will be pleased to inform the Royal Ministry promptly as soon as further information concerning this matter may be received.

Rome, December 1, 1945

2416

To the
Royal Ministry of Foreign Affairs
R O M E

HGA/eh

4004/cc

0 7 2 4

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

COPY

No. 325

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, with reference to its Note Verbale No. 269 of October 18, 1945, concerning certain steps which the United States Government proposes to take toward the resumption of private trading with Italy, has the honor to inform the Italian Government of the following change in the plans which the United States Government has made.

In the Note of October 18 it was stated that the United States Government proposes, effective December 1, 1945, to cease its participation in the procurement of Category "B" items in the United States under the Italian Program of Essential Imports. It is now learned from the Department of State that, because of unforeseen complications, the proposed change-over in the procedure for procuring items under the above-mentioned import program must be temporarily postponed. It is expected, however, that present difficulties will probably be overcome by the end of the present month. The Embassy will be pleased to inform the Royal Ministry promptly as soon as further information concerning this matter may be received.

Rome, December 1, 1945

2415

To the
Royal Ministry of Foreign Affairs
R O M E

HOA/eh

0725

Declassified E.O. 12356 Section 3.3/NND No. 735015

COPY

No. 325

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, with reference to its Note Verbale No. 269 of October 18, 1945, concerning certain steps which the United States Government proposes to take toward the resumption of private trading with Italy, has the honor to inform the Italian Government of the following change in the plans which the United States Government has made.

In the Note of October 18 it was stated that the United States Government proposes, effective December 1, 1945, to cease its participation in the procurement of Category "B" items in the United States under the Italian Program of Essential Imports. It is now learned from the Department of State that, because of unforeseen complications, the proposed change-over in the procedure for procuring items under the above-mentioned import program must be temporarily postponed. It is expected, however, that present difficulties will probably be overcome by the end of the present month. The Embassy will be pleased to inform the Royal Ministry promptly as soon as further information concerning this matter may be received.

Rome, December 1, 1945

241

To the
Royal Ministry of Foreign Affairs
R O M E

HQA/eh

AC

No. 325

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, with reference to its Note Verbale No. 269 of October 16, 1945, concerning certain steps which the United States Government proposes to take toward the resumption of private trading with Italy, has the honor to inform the Italian Government of the following change in the plans which the United States Government has made.

In the Note of October 16 it was stated that the United States Government proposes, effective December 1,

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

its compliments to the Royal [redacted]

and, with reference to its Note Verbale No. 269 of October 16, 1945, concerning certain steps which the United States Government proposes to take toward the resumption of private trading with Italy, has the honor to inform the Italian Government of the following change in the plans which the United States Government has made.

2413

In the Note of October 16 it was stated that the United States Government proposes, effective December 1, 1945, to cease its participation in the procurement of Category "D" items in the United States under the Italian Program of

To the

Royal Ministry of Foreign Affairs,

Rome.

(69)

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

Program of Essential Imports. It is now learned from the Department of State that, because of unforeseen complications, the proposed change-over in the procedure for procuring items under the above-mentioned import program must be temporarily postponed. It is expected, however, that present difficulties will probably be overcome by the end of the present month. The Embassy will be pleased to inform the Royal Ministry promptly as soon as further information concerning this matter may be received.

Rome, December 1, 1945.

2412

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

by the end of the present month. The Embassy will be pleased to inform the Royal Ministry promptly as soon as further information concerning this matter may be received.

Rome, December 1, 1943.

2412

2412

HDA/eh

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

0730

HEADQUARTERS ALLIED COMMISSION
Economic Section
APO 394

ext. 550

FWT:an

Ref: ES/ 2002

30 November 1945

NOV 30 1945

The Minister of Industry and Commerce
Rome

(61)

My dear Minister:

The Chief Commissioner has asked me to acknowledge your letter of 21 November 1945 (Reference 388/S.T./D/17) with which you forwarded copies of the "Piano di Massima per le Importazione Industriali dell'Anno 1946".

Since members of my staff have closely followed the drafting and publication of this work from its inception in May of this year I am, of course, aware of the intensive study which formed the basis of this important document. Your Ministry is to be congratulated on this excellent survey of the country's industrial position.

You are already aware, I am sure, that my staff has completed the translation of the Plan of which copies have already been sent to Washington and London, to the American and British Embassies, to other interested Allied authorities and to UNRRA.

2411

The Plan is now being studied by the technical staff of the Economic Section.

Yours very truly,

HARLAN CLEVELAND

4004/rc

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

My dear Minister:

The Chief Commissioner has asked me to acknowledge your letter of 21 November 1946 (reference 388/S.T./D/17) with which you forwarded copies of the "Piano di Massima per le Importazione Industriali dell'Anno 1946".

Since members of my staff have closely followed the drafting and publication of this work from its inception in May of this year I am, of course, aware of the intensive study which formed the basis of this important document. Your Ministry is to be congratulated on this excellent survey of the country's industrial position.

You are already aware, I am sure, that my staff has completed the translation of the Plan of which copies have already been sent to Washington and London, to the American and British Embassies, to other interested Allied authorities and to UNRRA.

2411

The Plan is now being studied by the technical staff of the Economic Section.

Yours very truly,

HARLAN CLEVELAND
Acting Vice President
Economic Section

Copies to:
Chief Commissioner
Executive Commissioner
Supply Group

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

OUTGOING MESSAGE

HEADQUARTERS ALLIED COMMISSION

TO : FOR ACTION AGWAR FOR CCS FOR CCAC FOR CLAC RPTD FOR INFO UK BASE SECTION (LONDON) FOR CABINET SECRETARIAT RPTD AFHQ FOR FHGEG

REF.No. 8873 DATE: 30 NOV 45 PRECEDENCE: ROUTINE

CONFIDENTIAL
THI IS MOC THREE NINE TWO PD
SUBJECT IS EXPORTS TO SWEDEN PD
PARA ONE PD MOC THREE SIX FOUR REFERS PD
PARA TWO PD ITALIAN GOVERNMENT WISHES TO NEGOTIATE EXPORT TO SWEDEN FOLLOWING ADDITIONAL GOODS FOR WHICH ALLOCATIONS ARE REQUESTED CLN ONE ZERO ZERO TONS CITRIC ACID CM. ONE ZERO ZERO TONS TARTARIC ACID

AC DIST

ACTION DIRECTION ECON SEC 11
(CSC (6))
(SUPPLY GROUP)
(PROGRAM BR.)
(REQUISITION BR. (3))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD AGRIC SC 2
IND UTILITIES SC 2
COAL DIV 1
TN SC 2

INFO CHIEF COMMISSIONER
EXEC COMM 2
CC [illegible] EMB
CA US EMB
USA ROME

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

SWEDEN FOLLOWING ADDITIONAL GOODS FOR WHICH ALLOCATIONS ARE REQUESTED CLN ONE ZERO ZERO TONS CITRIC ACID CMA ONE ZERO ZERO TONS TARTARIC ACID

AC DIST

ACTION DIRECTION ECON SEC 11
(CSO (6))
(SUPPLY GROUP)
(PROGRAM BL.)
(REQUISITION SE. (3))

ADVANCE COPIES TO COMMERCE SC 2
FINANCE SC
FOOD AGRIC SC 2
IND UTILITIES SC 2
COAL DIV 1
TN SC 2

INFO CHIEF COMMISSIONER
EXEC COMM 2
CC BK EMB
CA US EMB
USA ROME
MMTB
FILE

2410

(68)

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

0734

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

F 55012
NOV 301224 A

G/4619
NOV 301515 A
ROUTINE

AFHQ SIGNED SACMED CITE FHQED
ALCOM ROME

RESTRICTED.

Following is paraphrase of foreign office message quoted in code under reference. Ref our F 54666.

1. Subject is Italian hides.

2. Ministry of supply wishes to arrange for available exports of Italian hides and croupons to be taken by united kingdom, united states and pre war importing European countries. 2 representatives of ministry of supply leather control messrs F. J. Martin and Geofrey Harvey will visit ROME for discussion on opening up of exports with Italian authorities responsible for organization of the hide busines

3. US have been consulted and have agreed. Desirable that discussions be attended by 1 or more of the Americans, presumably from the embassy. Italian authorities may wish to consult members of Italian hide trade in order that definite propostion can be submitted for discussion.

2409

4. Date of visit about fourth or fifth December. Representatives will remain only long enough to ascertain hide posttion but conference with pre war hide exporters, if they can be vouched for, might be useful subsequent to official discussions. If large quantities of hides are available representatives hope to inspect on the spot possibly at MILAN, TURIN and FLORENCE. Whole visit

0735

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should not exceed 14 days .

5. Would be greteful if representatives could be afforded all necessary facilities for accommodation and travel in ITALY and also for return by air to uk immediately investigations complete

6. Report from WASHINGTON indicated that Italian authorities intend to allow export of 300 tons of croupons this month. Italians should realise that exports of hides should only be made in accordance with combined boards decision as they are reserved commodity.

7. Supplies of SUMAC will also be subject of investigation by representatives.

AC DIST

ACTION ECON SEC 4
INFO CHIEF COMMISSIONER
FILE 2
FLOAT

2408

(67)

0736

DEC 3 REC'D

HEADQUARTERS ALLIED COMMISSION
APO 394
Commerce (Foreign Trade) S/C

Ref : AC/5203/RCL/Imp/Commerce

29 November 1945

SUBJECT : Reserved Commodity List.

TO : See distribution attached.

1. The attached set of Reserved Commodity Lists, consisting of :

APPENDIX A (1) - Reserved Commodity List of Combined Raw Materials Board.
APPENDIX A (2) - Reserved Commodity List of Combined Food Board.
APPENDIX A (3) - Reserved Commodity List of Combined Production and Resources Board.
APPENDIX A (4) - Other commodities at present classified in Category A by agreement between U.S., U.K. and Canada.

is forwarded for your reference.

2. For greater convenience, this complete set replaces all previous lists, but it is pointed out that there are no variations from the latest issues of A (1), A (2) and A (3) sent respectively on 18 October, 23 November and 30 October.

2407

Declassified E.O. 12356 Section 3.3/NND No. 750015

1. The attached set of Reserved Commodity Lists, consisting of :

APPENDIX A (1) - Reserved Commodity List of Combined Raw Materials Board.
APPENDIX A (2) - Reserved Commodity List of Combined Food Board.
APPENDIX A (3) - Reserved Commodity List of Combined Production and Resources Board.
APPENDIX A (4) - Other commodities at present classified in Category A by agreement between U.S., U.K. and Canada.

is forwarded for your reference.

2. For greater convenience, this complete set replaces all previous lists, but it is pointed out that there are no variations from the latest issues of A (1), A (2) and A (3) sent respectively on 18 October, 23 November and 30 October.

2407

F.W. TOOBY
Lt. Col., R.A.
Director
Commerce (Foreign Trade) S/C

Encl. as para 1.

66a

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

0758

Distribution :

Office of the Chief Commissioner
Office of the Executive Commissioner
Office of Representative of the Chief Commissioner, Milan (4)
Economic Section
Supply Group (3)
Industry & Utilities S/C (3)
Transportation S/C
Food & Agriculture S/C (3)
Finance S/C
Regional Commissioner, Lombardia Region (3)
" " Piemonte Region (3)
" " Liguria Region (3)
" " Venezia Region (3)
AMG 13 Corps (3)
AMG Naples Commune (3)
AMG Ancona Commune
AMG Livorno Zone
AC, Liaison Officer, Palermo
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
Allied Forces Local Resources Section (3)
British Embassy
American Embassy
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir. Gen. Commercio Estero (3)
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricoltura
" della Ricostruzione
" dei Trasporti
" delle Finanze
" del Tesoro
Sottosegretariato per il Commercio Estero
Istituto Nazionale per il Commercio Estero

Spares (100)

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

0736

Appendix A (1)

COMBINED RAW MATERIALS BOARD

Reserved Commodity List

September 5, 1945

	Commodity	Reserved Forms
1.	Copal Gum	All forms.
2.	Cordage fibers	Manila, sisal, henequen, hemp (cannabis sativa), and their manufactures.
3.	Hides, skins and leather	Raw cattle hides and raw calf and kipskins; all cattle, calf and kip leather; raw goatskins; all goatskin leather; East Indian tanned Kips; East Indian tanned goatskins; East Indian tanned sheepskins.
4.	Hog Bristles	All lengths.
5.	Jute (including Belgian Congo Jute)	Fiber and butts; yarn, cloth, bags and other jute goods.
6.	Lead	Unrefined forms 1/; refined lead metal and lead-base alloy basic forms and shapes 2/, including solder and babbitt; and scrap.
7.	Lumber	Lumber, logs and bolts, crossties (railroad and miscellaneous), poles and piles, dimension stock, lath, shingles, millwork, and hardwood flooring.
8.	Mica	Muscovite bookform splittings, grades 5 ½ and larger. (To be deleted November 30, 1945).
9.	Newsprint	
10.	Pine Rosin	
11.	Rotenone	Cube and derris roots; powders and extracts.
12.	Rubber	Natural and synthetic, including latex; and reclaimed.

13. 9/04

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

		tanned sheepskins.
4.	Hog Bristles	All lengths.
5.	Jute (including Belgian Congo Jute)	Fiber and butts; yarn, cloth, bags and other jute goods.
6.	Lead	Unrefined forms 1/; refined lead metal and lead-base alloy basic forms and shapes 2/, including solder and babbitt; and scrap.
7.	Lumber	Lumber, logs and bolts, crossties (railroad and miscellaneous), poles and piles, dimension stock, lath, shingles, millwork, and hardwood flooring.
8.	Mica	Muscovite bookform splittings, grades 5 ½ and larger. (To be deleted November 30, 1945).
9.	Newsprint	
10.	Pine Rosin	
11.	Rotenone	Cube and derris roots; powders and extracts.
12.	Rubber	Natural and synthetic, including latex; and reclaimed.
13.	2406	Unrefined forms 1/; refined tin and tin-base alloy basic shapes and forms 2/; (including tin-bearing bronzes); and scrap.

1/ The term "unrefined forms" is used to designate mine, concentrating mill, and smelter products, residues or waste materials, and products of other primary reduction processes. Examples are ores, concentrates, matte, speiss, tailings, blister, anodes, bullion, precipitates, flue dust, drosses, slags, skimmings.

2/ Metal and alloy "basic shapes and forms" include refinery, intermediate, and semi-fabricated shapes. Refinery and intermediate shapes of the various metals might include cathode sheets, ingots, pigs, slabs, sticks, rondels, pellets, shot, cakes, blooms, billets, wire bars and rods, et cetera. Semifabricated shapes include rolled, drawn and extruded forms; such as plate, sheet, strip, angles, sections, rods, bars, bare wire, pipe, tubing, structural shapes, discs; powder; foil.

66

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

Appendix A (2)

COMBINED FOOD BOARD

Reserved Commodity List

November 2,1945

List I covers commodities for which the Combined Food Board recommends international allocations. All of the items on List I are under combined determination of sources of supply.

List II covers commodities that are not at present under Combined Food Board allocation recommendation and has been revised to include only a relatively small number of items. Commodities remaining on List II will continue to be under close observation by the Board and it is expected that claimants will notify the Board of their requirements and prospective purchases. In respect of these commodities, claimants may proceed with procurement arrangements unless notified by the Board within 10 days following receipt of the programs that allocation recommendation will be considered by the Board.

Reference to the Board of requirements for commodities not included herein is not required.

List I - General Commodity Heading

1. Animal Feeding Stuffs	Fish meal, whale tankage (or guano); tankage; bone meal; blood meal; greave cakes; oil cakes and meals (all types); mixed feed and liver meal.
2. Cereals	Rice, whole and broken.
3. Citric and Tartaric Acid	Citric and tartaric acids, inclusive of argols, wine lees, etc.
4. Cocoa	Cocoa beans, cocoa butter, unsweetened chocolate couverture.
5. Dairy and Poultry Products	Butter; cheese, natural and processed; milk evaporated dried whole, sweetened condensed, roller skim and spray skim.
6. Essential Oils	All kinds used in food flavoring (i.e., lemon oil, bitter orange oil, sweet orange oil, tangerine oil).
7. Fats and Oils	All fats and oils (edible and non-edible, including shortening and margarine); all oil bearing seeds, nuts

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

List I - General Commodity Heading

1.	Animal Feeding Stuffs	Fish meal, whale tankage (or guano); tankage; bone meal; blood meal; greave cakes; oil cakes and meals (all types); mixed feed and liver meal.
2.	Cereals	Rice, whole and broken.
3.	Citric and Tartaric Acid	Citric and tartaric acids, inclusive of argols, wine lees, etc.
4.	Cocoa	Cocoa beans, cocoa butter, unsweetened chocolate couverture.
5.	Dairy and Poultry Products	Butter; cheese, natural and processed; milk evaporated dried whole, sweetened condensed, roller skim and spray skim.
6.	Essential Oils	All kinds used in food flavoring (i.e., lemon oil, bitter orange oil, sweet orange oil, tangerine oil).
7.	Fats and Oils	All fats and oils (edible and non-edible, including shortening and margarine); all oil bearing seeds; soap.
8.	Fertilizers	Nitrogenous, phosphatic (including rock) and potassic.
9.	Fish	Salted cod, haddock, hake, cusk pollock, saithe and ling; canned fish.
10.	Fruits	Dried fruit (i.e., dates, figs, apples, apricots, raisins and currants, peaches, pears and prunes).
11.	Meat	Fresh, frozen, pickled, salted, smoked, canned and dehydrated meat (excluding fresh and frozen poultry, rabbits and venison).
12.	Pulses	Dry beans, peas, lentils.
13.	Seeds	Alfalfa, red clover, white clover, alsike clover, and Kentucky bluegrass.
14.	Soap	Soap (Note: Covered in General Heading 7).

2405

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

15.	Spices	Cinnamon quills, mace, nutmeg, pepper.
16.	Sugar	Sugar (raw and refined).
17.	Tea	Tea
18.	Vitamins	"A" oil.

List II - General Commodity Heading

1.	Cereals	Wheat and wheat flour, barley, oats, rye, corn, and grain sorghums.
2.	Seeds	All legume and grass seeds not on List I.
3.	Sugar	Molasses, syrup, honey, manufactured food containing more than 10% sugar by weight.
4.	Nuts, edible	Almonds, walnuts, pecans, filberts and Brazil nuts. (Note: Peanuts are included under item 7 of List I).

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

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Appendix A (3)

COMBINED PRODUCTION AND RESOURCES BOARD

Reserved Commodity List

September 27, 1945

1. Coal and Coke (excluding Petroleum Coke)

2. Coal Mining Machinery (underground)

   a. Cutting Machines (machines - Shortwall and Longwall)
   b. Cutting Machines - Universal and Arcwall
   c. Loaders - Crawler
   d. Loaders - Track
   e. Conveyors - Chain and Elevating
   f. Conveyors - Belt
   g. Conveyors - Shaker
   h. Mine Locomotives
   i. Cars - Mine
   j. Cars - Shuttle
   k. Drills - Electric
   l. Mine Crawler Trucks
   m. Hoists - Coal Mine Type

3. Textiles

   a. Cotton Broad Woven Goods
   b. Cotton Yarn
   c. Cotton Seine Twine
   d. Cotton Fish Nets
   e. Cotton Knit Goods
   f. Cotton Sewing Thread

2404 4. Footwear containing any leather.

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

b. Cutting Machines - Universal
c. Loaders - Crawler
d. Loaders - Track
e. Conveyors - Chain and Elevating
f. Conveyors - Belt
g. Conveyors - Shaker
h. Mine Locomotives
i. Cars - Mine
j. Cars - Shuttle
k. Drills - Electric
l. Mine Crawler Trucks
m. Hoists - Coal Mine Type

3. Textiles

a. Cotton Broad Woven Goods
b. Cotton Yarn
c. Cotton Seine Twine
d. Cotton Fish Nets
e. Cotton Knit Goods
f. Cotton Sewing Thread

2404 4. Footwear containing any leather.

(66a)

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

Appendix A (4)

OTHER COMMODITIES AT PRESENT CLASSIFIED IN CATEGORY A BY AGREEMENT BETWEEN U.S., U.K. AND CANADA AS NECESSARY FOR THE WAR EFFORT

1. Citrus Juices (unconcentrated and concentrated)
2. Fresh Citrus Fruit
3. Tomato Paste and Canned Tomatoes

2403

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

2403

(6b a

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

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

CONFIDENTIAL

NOV 29 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13262/F 29 November 1945

SUBJECT : Italo-Swiss Payments Agreement.

TO : Chief Commissioner.

1. Attached for your information is a copy of TAM 715, dated 26 November, from CCS to AFHQ on the Italo-Swiss trade agreement.

2. I spoke with Mr. Tasca of the U.S. Embassy, who stated that AC would be advised in due course of the information transmitted by the Embassy to the Italian Government.

Acting Director
Finance Sub Commission

Encl.

2402

Copy to : Acting Vice-President,
Economic Section.

0749

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

HQ MESSAGE CENTER

INCOMING MESSAGE

FILED : 261919Z PARAPHRASE UNNECESSARY AFSC N-372/27
ROUTINE CONFIDENTIAL

FROM : AGNAB CCS

TO : ALEXANDER AFHQ, INFORMATION CABINET OFFICER WHITEHALL FOR BRITISH CHIEFS OF STAFF

REF NO THIS MESSAGE : W 85145, 26 November, 1945

For FHGEG.

Cite CCAC.

This is TAM 715.

Reference MAT 900 Italo Swiss payments agreement.

Formal notes to Italian Government reference subject agreement will be presented by British and American Embassies, Rome.

Appropiate instructions to respective Ambassadors are being sent by Foreign Office and State Department.

NOTE : MAT 900 is FX 41621 MC OUT 1593 7/9/45 G-5.

ACTION: G-5

INFORMATION: CAO SAOS G-4 DPIC FISC DIR - FA (B)
RESMIN USPOLAD C/S MTO

2401 PARAPHRASE UNNECESSARY
MC IN 6416 27 NOV. 45 CONFIDENTIAL 1025A REF NO W- 85145 rv/g

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

Col S
Sturgis to
DC
For S/L

NOV 30 REC'D
1175

British Embassy,
ROME.

28th November, 1945.

715/57/45 CD

Dear Admiral

Thank you for your letter of the 14th November (reference 13106/F) enclosing copies of letters addressed by you to the American Ambassador and the Assistant Chief of Staff, G-5, A.F.H.Q., regarding the Italian Government's new plan for export financing.

We have no legislation in the United Kingdom which would affect this programme. I know that the United States Customs Law provides for the application of counter-vailing duties, but there is no parallel legislation in England.

Yours very sincerely,
Noel Charles

Rear-Admiral Ellery W. Stone, U.S.N.R.,
Chief Commissioner,
Allied Commission Headquarters,
APO 394.

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

C
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P
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British Embassy,
ROME.

715/57/45 CD

28th November 1945.

Dear Admiral:

Thank you for your letter of the 14th November (reference 13106/F) enclosing copies of letters addressed by you to the American Ambassador and the Assistant Chief of Staff, G-5, A.F.H.Q., regarding the Italian Government's new plan for export financing.

We have no legislation in the United Kingdom which would affect this programme. I know that the United States Customs Law provides for the application of counter-vailing duties, but there is no parallel legislation in England.

Yours very sincerely,

(s) Noel Charles

Rear-Admiral Ellery W. Stone, U.S.N.R.,
Chief Commissioner,
Allied Commission Headquarters,
APO 394.

Copies to: Brec Commr
Finance S/C

2399

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

NOV 27 RECD
CC 1715

358

Translation

The President of the Council of Ministers
S. 10691

Rome, 26 November 1945

(53)

My dear Admiral,

I refer to a previous letter about the establishing of an increased coefficient (coefficiente di maggiorazza) to make possible the resumption of our foreign trade, I want to inform you that, because of new facts that arose during the last few days, and before the enforcement of the above mentioned regulation, we saw that it would be advisable to enforce the said coefficient in the proportion of 120% instead of 100% as it had been previously established.

Sincerely yours,

S. Ferruccio Parri

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

trans. e/o

E.C. DIST - 27 Nov

Action: Ec. Sec (3)
Info: C.C.
E.C.

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(63)

See also (56)

0753

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

RESTRICTED

FX 54295
NOV 241217 A

G/4302
NOV 251510 A
ROUTINE

SIGNED BACMED
A C WAR FOR CCS FOR COAC INFO: CABINET OFFICES WHITEHALL
FOR BRITISH CHIEFS OF STAFF USFET MAIN ALCOM ROME

RESTRICTED.

Italian external insurance transactions.

This is mat 955. Following is present position relative to requirements laid down in tam 417.

1) An adequate Italian foreign exchange control is now functioning and transactional correspondence of all types has been authorized for ITALY.

2) The Italian Government has adopted and published the proclaimed and statutory lists.

3) The hea D offices of all Italian insurance companies are now under adequate control are either the Italian Govern= ment or AMG and defascistation of companies has reached a sati= sfactory stage.

4) In view of the above it is recommended that the prior approval of Allied Commission for authorization of external financial transaction, as laid down in paragraph 20 of nan 583, need no longer be referred by Italian exchange control authoritie

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AC DIST
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INFO CHIEF COMMISSIONER
EX COM
ECON SEC 2
FILE

RESTRICTED

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

CONFIDENTIAL

PX ~~2344~~ 54140 G/4180

231415 NOV.240915A

PRIORITY

A.F.H.Q. SIGNED SACMED

ACTION AGWAR FOR CCS~~S~~ INFO CABINET OFFICES WHITEHALL FOR BRITISH CHIEFS OF STAFF ALCOM ROME.

CONFIDENTIAL

THIS IS MAT 945.

ITALY-SWISS PAYMENT AGREEMENT.

1°) STATEMENT MADE BY HARLAN CLEVELAND TO PRESS AGENCY IN ANSWER TO QUESTION WHETHER IT WAS TRUE ALCOM HAD VETOED ITALY-SWISS TRADE AGREEMENT.

2°) CLEVELAND'S ANSWER TO THIS QUESTION WAS

A) AGREEMENT WAS NOT VETOED BUT HELD UP PENDING REFERENCE TO HIGHER AUTHORITY.

B) REASON FOR THIS ACTION WAS FACT THAT FINANCIAL CLAUSES OF PROPESED AGREEMENT INVOLVED USE OF PROCEEDS OF CURRENT TRADE TO PAY OFF PRE-ARMISTICE DEBTS AND THEREFORE REFERENCE TO HIGHER AUTHORITY WAS MANDATORY IN VIEW OF DIRECTIVES UNDER WHICH ~~HAD~~ ALCOM IS OPERATING.

3°) ITALIAN NEWPAPERS HAD CORRECT STORY SUBSTANTIALLY AS ABOVE STATED.

2356

CONFIDENTIAL

A.C. DISTRIBUTION

INFO-ACTION - FINANCE S/C.

INFO - C.COMMISSIONER

EX.COMMISSIONER

ECON SEC.

FILE

0755

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

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE (FOREIGN TRADE) S/C

Tel: 478192

SKIS/VM/lg

23 November 1945

Ref. AC/5203/RCL/Imp/Commerce

SUBJECT : Reserved Commodity List

TO : See distribution list attached

1. Reference is made to this Sub-Commission's previous notifications dated 18 Oct., 30 Oct. & 8 November on revision of Reserved Commodity List.

2. Attached is copy of the latest revision of COMBINED FOOD BOARD's Reserved Commodity List, dated 2 November 1945.

3. Please cancel Appendix A (2) which was sent enclosed in the last of our a/q letters, and replace it by the revised list attached.

F.W. TOOBY,
Lt. Col., R.A.
Director
Commerce (Foreign Trade) S/C

1 Encl. as para 2

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

Distribution :

Office of the Chief Commissioner
Office of the Executive Commissioner
Office of Representative of the Chief Commissioner, Milan (4)
Economic Section
Supply Group (3)
Industry & Utilities S/C (3)
Transportation S/C
Food & Agriculture S/C (20)
Finance S/C
Regional Commissioner, Lombardia Region (3)
" " Piemonte Region (3)
" " Liguria Region (3)
" " Venezia Region (3)
AMG 13 Corps (3)
AMG Naples Commune (3)
AMG Ancona Commune
AMG Livorno Zone
AC, Liaison Officer, Palermo
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
Allied Forces Local Resources Section (3)
British Embassy
American Embassy
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir.Gen.Commercio Estero (3)
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricoltura
" della Ricostruzione
" dei Trasporti
" della Finanze
" del Tesoro
Sottosegreteriato per il Commercio Estero
Istituto Nazionale per il Commercio Estero

Spaas (20)

Appendix A (2)

COMBINED FOOD BOARD

Reserved Commodity List

November 2, 1945

List I covers commodities for which the Combined Food Board recommends international allocations. All of the items on List I are under combined determination of sources of supply.

List II covers commodities that are not at present under Combined Food Board allocation recommendation and has been revised to include only a relatively small number of items. Commodities remaining on List II will continue to be under close observation by the Board and it is expected that claimants will notify the Board of their requirements and prospective purchases. In respect of these commodities, claimants may proceed with procurement arrangements unless notified by the Board within 10 days following receipt of the programs that allocation recommendation will be considered by the Board.

Reference to the Board of requirements for commodities not included herein is not required.

List I - General Commodity Heading

1.	Animal Feeding Stuffs	Fish meal, whale tankage (or guano); tankage; bone meal; blood meal; greave cakes; oil cakes and meals (all types); mixed feed and liver meal.
2.	Cereals	Rice, whole and broken.
3.	Citric and Tartaric Acid	Citric and tartaric acids, inclusive of argols, wine lees, etc.
4.	Cocoa	Cocoa beans, cocoa butter, unsweetened chocolate couverture.
5.	Dairy and Poultry Products	Butter; cheese, natural and processed; milk evaporated dried whole, sweetened condensed, roller skim and spray skim.
6.	Essential Oils	All kinds used in food flavoring (i.e., lemon oil, bitter orange oil, sweet orange oil, tangerine oil).

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

not required.

List I - General Commodity Heading

1.	Animal Feeding Stuffs	Fish meal, whale tankage (or guano); tankage; bone meal; blood meal; greave cakes; oil cakes and meals (all types); mixed feed and liver meal.
2.	Cereals	Rice, whole and broken.
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6.	Essential Oils	All kinds used in food flavoring (i.e., lemon oil, bitter orange oil, sweet orange oil, tangerine oil).
7.	Fats and Oils	All fats and oils (edible and non-edible, including shortening and margarine); all oil bearing seeds; soap.
8.	Fertilizers	Nitrogenous, phosphatic (including rock) and potassic.
9.	Fish	Salted cod, haddock, hake, cusk pollock, scithe and ling; canned fish.
10.	Fruits	Dried fruit (i.e., dates, figs, apples, apricots, raisins and currants, peaches, pears and prunes).
11.	Meat	Fresh, frozen, pickled, salted, smoked, canned and dehydrated meat (excluding fresh and frozen poultry, rabbits and venison).
2.	Pulses	Dry beans, peas, lentils.
3.	Seeds	Alfalfa, red clover, white clover, alsike clover, and Kentucky bluegrass.
4.	Soap	Soap (Note: Covered in General Heading 7).

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

15.	Spices	Cinnamon quills, mace, nutmeg, pepper.
16.	Sugar	Sugar (raw and refined).
17.	Tea	Tea
18.	Vitamins	"A" oil.

List II - General Commodity Heading

1.	Cereals	Wheat and wheat flour, barley, oats, rye, corn, and grain sorghums.
2.	Seeds	All legume and grass seeds not on List I.
3.	Sugar	Molasses, syrup, honey, manufactured food containing more than 10% sugar by weight.
4.	Nuts, edible	Almonds, walnuts, pecans, filberts and Brazil nuts. (Note: Peanuts are included under item 7 of List I).

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

15.	Spices	Cinnamon quills, mace, nutmeg, pepper.
16.	Sugar	Sugar (raw and refined).
17.	Tea	Tea
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Declassified E.O. 12356 Section 3.3/NND No. 785015

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

NOV 22 11 E.C.

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Translation

The Minister of Industry and Commerce

388/ S.T./D/17

Rome, 21 November 1945

My dear Admiral,

I have the pleasure of forwarding to you a copy of the final edition of the 'plan for Industrial Imports for 1946' drafted by my Ministry with the collaboration of the Allied Commission, to which a draft was sent on September 21st.

Considering the importance of such a publication, it was decided to publish it in such a way as to bring about the greatest possible number of observations and proposals from all the Administrations and persons who are concerned with the rehabilitation of Italian industry.

Any suggestion that may be made by the Allied Commission will be particularly appreciated; and to make it possible for your technicians again to examine the '1946 Plan' for its necessary improvement, I send you 10 copies of the booklet which you may distribute in your offices.

I shall greatly appreciate whatever collaboration the Allied Commission may give to the offices of my Ministry. Thanking you in advance, I remain,

Sincerely yours,

S. Gronchi

Admiral Ellery Stone
Chief Commissioner
Allied Commission

Rome

E.C. DIST - 24 Nov
Cattani - Ec. Sec. (9)
Info - C.C.
E.C.

trans. e/o

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Noted by PC

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

AFHQ CITE FHQ33

8596 20 November 1945 PRIORITY

CONFIDENTIAL FD

SUBJECT IS ITALO DANU BANK PAYMENT AGREEMENT FD REFERENCE YOUR FOX THREE SIX FOUR THREE OF NINETEEN NOVEMBER FD

PASSED TO FOR ACTION AFHQ CITE FHQ33 FIVE SIX ALCOA XXXXXX CITE ACRO FAR H

PARA ONE FD STORY GIVEN PRESS AGENCY HERE WAS IN ANSWER TO QUESTION WHETHER IT WAS THUS ALCOA HAD QUOTE VETOED UNQUOTE ITALO SWISS TRADE AGREEMENT FD ANSWER WAS THAT PARIS ONE PAYMT AGREEMENT HAD NOT VETOED BUT HELD UP PENDING REFERENCE TO HIGHER AUTHORITY PARIS TWO PARIS REASON FOR THIS ACTION WAS FACT THAT FINANCIAL CLAUSES OF PROPOSED AGREEMENT INVOLVED USE OF PROCEEDS OF CURRENT TRADE TO PAY OFF PRE DAMAGE ITALIAN OBLIGATIONS FD IN THESE CONDITIONS REFERENCE TO HIGHER AUTHORITY WAS MANDATORY IN VIEW OF DIRECTIVES UNDER WHICH ALCOA IS OPERATING FD ITALIAN NEWSPAPERS HAD CORRECT STORY CMA SUBSTANTIALLY AS ABOVE STATED FD

PARA TWO FD FOR REFERENCE TO HIGHER AUTHORITY SEE MAT NINE ZERO ZERO PARIS FOX ABLE FOUR ONE SIX TWO ONE PARIS TO CCS FROM AFHQ DATED SEVEN SEPTEMBER ONE NINE FOUR FIVE TO WHICH NO REPLY HAS BEEN RECEIVED FD

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END

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Secret Sec.

538 (sgd) L. D. DENSMORE

HARLAN CLEVELAND A/VP

G.J. LEUNE
CWO, USA
ASST. ADJUTANT

0763

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

HEADQUARTERS ALLIED COMMISSION
ROME, ITALY
ECONOMIC SECTION

20 NOVEMBER 1945

SEC STATE WASHINGTON

FOR: DORT AND HUNT, FEA

FROM: CLEVELAND

REFERENCE TELEPHONE CONVERSATION ONE NINE NOVEMBER SUBJECT ITALO SWISS AGREEMENT.

STORY GIVEN PRESS AGENTS HERE WAS IN ANSWER TO QUESTION WHETHER IT WAS TRUE ALCOM HAD "VETOED" ITALO SWISS TRADE AGREEMENT. ANSWER WAS THAT (1) AGREEMENT WAS NOT VETOED, BUT HELD UP PENDING REFERENCE TO HIGHER AUTHORITY, (2) REASON FOR THIS ACTION WAS FACT THAT FINANCIAL CLAUSES OF PROPOSED AGREEMENT INVOLVED USE OF PROCEEDS OF CURRENT TRADE TO PAY OFF PRE-ARMISTICE OBLIGATIONS. IN THESE CONDITIONS REFERENCE TO HIGHER AUTHORITY WAS MANDATORY IN VIEW OF DIRECTIVES UNDER WHICH ALCOM IS OPERATING. ITALIAN NEWSPAPERS HAD CORRECT STORY, SUBSTANTIALLY AS ABOVE STATED.

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Harlan Cleveland.

HARLAN CLEVELAND
Special Representative

American Embassy

cc: Chief Commissioner
Please insert signal number on attached copy and return.

0764

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

HEADQUARTERS ALLIED COMMISSION
ROME, ITALY
ECONOMIC SECTION

20 NOVEMBER 1945

SSC STATE WASHINGTON

FOR: DORT AND HUNT, FEA FROM: CLEVELAND

REFERENCE TELEPHONE CONVERSATION ONE NINE NOVEMBER SUBJECT ITALO SWISS AGREEMENT.

STORY GIVEN PRESS AGENTS HERE WAS IN ANSWER TO QUESTION WHETHER IT WAS TRUE ALCOM HAD "VETOED" ITALO SWISS TRADE AGREEMENT. ANSWER WAS THAT (1) AGREEMENT WAS NOT VETOED, BUT HELD UP PENDING REFERENCE TO HIGHER AUTHORITY, (2) REASON FOR THIS ACTION WAS FACT THAT FINANCIAL CLAUSES OF PROPOSED AGREEMENT INVOLVED USE OF PROCEEDS OF CURRENT TRADE TO PAY OFF PRE-ARMISTICE OBLIGATIONS. IN THESE CONDITIONS REFERENCE TO HIGHER AUTHORITY WAS MANDATORY IN VIEW OF DIRECTIVES UNDER WHICH ALCOM IS OPERATING. ITALIAN NEWSPAPERS HAD CORRECT STORY, SUBSTANTIALLY AS ABOVE STATED.

Harlan Cleveland

HARLAN CLEVELAND
Special Representative

American Embassy

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cc: Chief Commissioner

Insert signal number on attached copy and return.

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

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NOV 191251 A

C/3907

NOV 200845

PRIORITY

AFHQ

ALCOM ROME SIGNED SACMED CITE FHQEC

CONFIDENTIAL.

Italo-Swiss payments agreement. Combined Chiefs of staff request clarification of report NEW YORK times under AP ROME 14 November dateline, reading in part as follows: HARLAN CLEVELAND, Vice President of Economic Section of the Allied Commission; said to day that the Commission has refused to approve a trade agreement negotiated by ITALY with SWITZERLAND in effect priority on repayement of pre - armistice debts. Negotiation still can be carried on, however, he said. Please send priority reply.

AC DIST

ACTION ECONOMIC SEC 2
INFO CHIEF COMMISSIONER
EX COMM
FILE 2
FLOAT

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0766

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

AGH/71

19 November 1945

My dear Mr. Prime Minister:

I am referring again to the procedure for consigning imported supplies to the Italian Government, with especial regard to your letter of 8 October which indicates that the Istituto Nazionale per il Commercio Estero is the sole consignee for all Allied supplies.

The Allied Commission, on behalf of the Governments which are now furnishing basic supplies under the present supply program, is of course interested in the manner in which these supplies are handled after their arrival in Italy. In the interest of increased efficiency in handling such supplies, therefore, I believe that further consideration of the matter mentioned in the preceding paragraph is desirable.

Since 28 May, when Decree No. 370 was enacted, the various organizations acting as sub-agents have demonstrated their efficiency in directly receiving and accounting for supplies, and the Istituto Nazionale per il Commercio Estero has not in fact been in a position to assist, as an operating agency, in receiving bulk supplies. Therefore, it seems advisable to consider such modifications in the Decree as may be necessary to establish the Federazione Italiana dei Consorsi Agrari, the Ufficio Centrale Carboni della Direzione Generale delle Ferrovie dello Stato and the Comitato Italiano Petroli as agents of the Italian Government, directly rather than as sub-agents of the Istituto Nazionale per il Commercio Estero - and to provide for expansion of the list of agents as may be necessary.

On the other hand, the Istituto Nazionale per il Commercio Estero can perform a valuable service in recording and licensing matters pertaining to imports and exports, and general supervision of the handling of imported supplies. Hence, it is recommended that whatever modification of the Decree may develop should provide for periodical reports of completed transactions from the receiving agents of the Istituto Nazionale per il Commercio Estero, for purposes of record and to serve as a basis for policy directives issued by the Government to its various designated agencies. This would provide a centralized office of record and control, but would decentralize the operational phases so that the receiving and distribution of supplies would not be impeded by unnecessary participation.

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Pompeo

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0767

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

This procedure, and the necessary modifications in the Decree to carry it out, are recommended for your favorable consideration, before any change is made in the present procedure, in order that procurement and financial agencies of the supplying Governments can be assured that these vitally important supplies will be handled by the most efficiently operating organizations available in Italy. In view of the urgent need for a smoothly functioning procedure, your prompt review of the matter will be appreciated.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Professor Parruccio Parri
The President of the Council of Ministers
Italian Government
Rome

Distribution
Chief Commissioner (2)
Executive Commissioner (2)
Economic Section (2)
Finance Sub-Commission
Transportation Sub-Commission
Food & Agriculture Sub-Commission

APPROVED J. M. Merritt

James M. Merritt
Director
Food & Agriculture S/C
12 Nov 45

2387

0768

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

AGR/71

19 November 1945

My dear Mr. Prime Minister:

I am referring again to the procedure for consigning imported supplies to the Italian Government, with especial regard to your letter of 3 October which indicates that the Istituto Nazionale per il Commercio Estero is the sole consignee for all Allied supplies.

The Allied Commission, on behalf of the Governments which are now furnishing basic supplies under the present supply program, is of course interested in the manner in which these supplies are handled after their arrival in Italy. In the interest of increased efficiency in handling such supplies, therefore, I believe that further consideration of the matter mentioned in the preceding paragraph is desirable.

Since 28 May, when Decree No. 370 was enacted, the various organizations acting as sub-agents have demonstrated their efficiency in directly receiving and accounting for supplies, and the Istituto Nazionale per il Commercio Estero has not in fact been in a position to assist, as an operating agency, in receiving bulk supplies. Therefore, it seems advisable to consider such modifications in the Decree as may be necessary to establish the Federazione Italiana dei Consorzi Agrari, the Ufficio Centrale Carboni della Direzione Generale delle Ferrovie dello Stato and the Comitato Italiano Petroli as agents of the Italian Government, directly rather than as sub-agents of the Istituto Nazionale per il Commercio Estero - and to provide for expansion of the list of agents as may be necessary.

On the other hand, the Istituto Nazionale per il Commercio Estero can perform a valuable service in recording and licensing matters pertaining to imports and exports, and general supervision of the handling of imported supplies. Hence, it is recommended that whatever modification of the Decree may develop should provide for periodical reports of completed transactions from the receiving agents of the Istituto Nazionale per il Commercio Estero, for purposes of record and to serve as a basis for policy directives issued by the Government to its various designated agencies. This would provide a centralized office of record and control, but would decentralize the operational phases so that the receiving and distribution of supplies would not be impeded by unnecessary participation.

C/1/4004

2384

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

This procedure, and the necessary modifications in the Decree to carry it out, are recommended for your favorable consideration, before any change is made in the present procedure, in order that procurement and financial agencies of the supplying Governments can be assured that these vitally important supplies will be handled by the most efficiently operating organizations available in Italy. In view of the urgent need for a smoothly functioning procedure, your prompt review of the matter will be appreciated.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Professor Ferruccio Parri
The President of the Council of Ministers
Italian Government
Rome

Distribution
Chief Commissioner (2)
Executive Commissioner (2)
Economic Section (2)
Finance Sub-Commission
Transportation Sub-Commission
Food & Agriculture Sub-Commission

APPROVED

James M. Merritt
Director
Food & Agriculture S/C
12 Nov 45

2385

5-9

0770

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

13106/F

14 November 1945

My dear Sir Noel:

1. I attach for your information copies of letters I have addressed to the American Ambassador and the Assistant Chief of Staff, G-5, AFHQ, regarding the Italian Government's new plan for export financing, which involves surcharging imports and granting an exchange premium on exports.

2. It is my thought that you may wish to consider whether this program would be affected by any United Kingdom legislation similar in nature to the U.S. legislation providing for countervailing duties under certain conditions.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

His Excellency Sir Noel Charles,
British Embassy,
Rome.

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5-E

0771

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

AFHQ

8359 14 Nov. 1945 ROUTINE

RESTRICTED PD

REFERENCE YOUR CHARLIE DASH THREE THREE FIVE NINE EIGHT DATED ONE NOVEMBER COPY TO US PD

PAREN TO AFHQ FROM HQ ALCOM CITE ACECC PAREN

CABLE PETER FIVE THREE ZERO SIX PETER ABLE ABLE CHARLIE ABLE DATED EIGHT NOVEMBER FROM CHARLIE GEORGE UNCLE SUGAR FOX ABLE IN ANSWER TO REFERENCE CABLE SENT TO THIS HEADQUARTERS IN ERROR PD REPEATED TO YOU AS FOLLOWS COLON

QUOTE REFERENCE YOUR CHARLIE DASH THREE THREE FIVE NINE EIGHT DATED ONE NOVEMBER CMA SUBJECT ITALO DASH AUSTRIAN TRADE PD SUGGEST ITALY PROPOSE TO AUSTRIAN PROVISIONAL GOVERNMENT THAT CONFERENCE CMA UNDER ALLIED MILITARY GOVERNMENT GUIDANCE CMA BE HELD IN AUSTRIA BETWEEN ITALIAN AND AUSTRIAN TRADE REPRESENTATIVES PD ADVISE TIME AND PLACE OF CONFERENCE CMA WHEN AGREED PD UNQUOTE

2381 Copy to:
Commerce (FT)
Supply Group

ECONOMIC SECTION

425

O. J. LEONE
CWO, USA
Assistant Adjutant

Elwood Holstein
ASC

I N C O M I N G M E S S A G E
HEADQUARTERS ALLIED COMMISSION

Originator's Reference FX52656
DATE/TIME of origin NOV 10/1235 A

Message Centre No: C/3410
Date Time Rec'd NOV 11/1130
Precedence: ROUTINE

FROM: AFHQ SIGNED SACMED CITE 24860

TO : ADMIRALTY FOR COS FOR CCAC: IMMEDIATE CABINET OFFICES WHITEHALL FOR HR OS, OSFET
M.IN, ALCOA ROME

RESTRICTED

Twin is AMT 950.

Subject is Italian Government proposed import and export financial policy. Surcharging imports and granting exchange premium on exports. (1) Italian Government desire to retain present lire/foreign currency exchange rates. (2) To encourage export they propose to adopt 1 increased coefficient for all goods and all countries. (3) Coefficient to be fixed presently at 100% thus paying exporter 200 lire for every dollars worth of expert. (4) Same coefficient would be applied to all imports to bring prices of imported goods nearer level of ruling home market prices. (5) Receipts and disbursements arising from application of coefficient to be accounted for in "Foreign trade fund" (6) Favourable balance in "Foreign trade fund" to be used for (a) subsiding essential imported goods sold in open market if deemed necessary. (B) partial re-absorbtion into circulation with a view to lowering home market prices nearer foreign market levels. (7) Coefficient to be reduced if and when home market prices approach foreign market prices. (8) Have you any objections?

2382

LIST

Action Direction - Econ Sec II
SEC (6)

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

To encourage export they propose [illegible]
end all countries. (3) Coefficient to be fixed presently at 100% thus paying exporter 200 lire for every dollars worth of export. (4) Same coefficient would be applied to all imports to bring prices of imported goods nearer level of ruling home market prices. (5) Receipts and disbursements arising from application of coefficient to be accounted for in "Foreign trade fund" (6) favourable balance in "Foreign trade fund" to be used for (a) subsiding essential imported goods sold in open market if deemed necessary. (b) partial re-absorption into circulation with a view to lowering home market prices nearer foreign market levels. (7) Coefficient to be reduced if and when home market prices approach foreign market prices. (8) Have you any objections?

2387

LIST

Action Direction - Econ Sec II
CSO (6)
Supply Group
Program Br.
Requisition Br. (3)

Advance Copies to - Commerce SC 2
Finance SC
Food-Agric SC 2
Ind. Utilities SC 3
Tn SC 2

Info - Chief Commissioner
Exec Comm 2
CC Br. Emb
CA US Emb
USA Rome
MWTR
File

5:6

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

NOV 13 REC'D

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

Tel. 478192 SKIS/VM/cr

Ref. AC/5203/RCL/Imp/Commerce 8 November 1945

SUBJECT: Reserved Commodity List

TO : See distribution list attached

1. Further reference is made to this Subcommission's letters AC/5203/RCL/Imp/Commerce of 18 and 30 October regarding revision of Reserved Commodity List.

2. Attached is revised list dated 5 October 1945, as issued by the Combined Food Board and superseding all previous issues. As clearly stated in the document, only items under List I are under international allocation and therefore Category "A"exports from Italy.

3. Please cancel Appendix A (2) of the set of lists enclosed in the first of our s/q letters and replace it by the revised list attached.

H. A. GENT
Major
Director
Commerce Subcommission

1 Encl. as para 2

4004/pc

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

2. Attached is revised list dated 5 October 1945, as issued by the Combined Food Board and superseding all previous issues. As clearly stated in the document, only items under List I are under International allocation and therefore Category "A"exports from Italy.

3. Please cancel Appendix A (2) of the set of lists enclosed in the first of our s/q letters and replace it by the revised list attached.

H. A. GENT
Major
Director
Commerce Subcommission

1 Encl. as para 2

2381

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

Distribution :

Office of the Chief Commissioner
Office of the Executive Commissioner
Office of Representative of the Chief Commissioner, Milan (4)
Economic Section
Industry & Commerce Div.
Supply Division (3)
Industry S/C (3)
Public Works S/C
Transportation S/C
Agriculture S/C (3)
Food S/C (20)
Finance S/C
Regional Commissioner, Lombardia Region (3)
" " Piemonte Region (3)
" " Liguria Region (3)
" " Venezia Region (3)
AMG 13 Corps (3)
AMG Naples Commune (3)
Allied Commission, Liaison Officer, Palermo
Allied Forces Local Resources Section (3)
AMG Livorno Zone
AMG Ancona Commune
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir. Gen.Commercio Estero
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricultura
" della Ricostruzione
" dei Trasporti
" delle Finanze
" del Tesoro
Istituto Commercio Estero

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

" " Venezia Region (3)
AMG 13 Corps (3)
AMG Naples Commune (3)
Allied Commission, Liaison Officer, Palermo
Allied Forces Local Resources Section (3)
AMG Livorno Zone
AMG Ancona Commune
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir. Gen.Commercio Estero
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricultura
" della Ricostruzione
" dei Trasporti
" delle Finanze
" del Tesoro
Istituto Commercio Estero

Spares (6)

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

APPENDIX A (2)

COMBINED FOOD BOARD

RESERVED COMMODITY LIST

The tabulation appended hereto is divided into two classifications :

LIST I

List I covers commodities for which the Combined Food Board has recommended international allocation. All of the items in List I are under combined determination of sources of supply.

LIST II

List II covers commodities that are not at present under Combined Food Board allocation recommendation; however, they are under one or another form of national control such as national allocation, reservation order or export license, and the supply of any one of them may become critical internationally if requirements increase substantially. All of the items on List II are under close observation by the Board. The Board desires to refrain from making formal allocation recommendations respecting these items as long as it is possible to withhold such action. However, if heavy buying or hoarding threatens to occur all nations would be adversely affected and it would then be necessary to recommend a division of supplies regardless of outstanding contracts or ownership. Therefore, in the interest of all concerned the Board desires that claimants for these items advise the Board of their proposed programs, indicating quantities they expect to obtain from each supplying country. When any claimant submits a proposed program the Board will consider it in conjunction with programs proposed by other claimants. If in the opinion of the Board the fulfillment of all programs taken together necessitates an allocation recommendation the Board will make such recommendation in the usual manner. However, until such time as the Board formally decides and notifies the governments concerned that it has become necessary to place under international allocation items on List II, the governments submitting such programs may, in default of such notifications within 10 days after receipt of the programs by the Board, proceed with procurement arrangements in consultation with the national agency or agencies administering national control of List II items in the particular country chosen by the buying government as a source.

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

stantially. All of the items on List II are under close conservation by the Board. The Board desires to refrain from making formal allocation recommendations respecting these items as long as it is possible to withhold such action. However, if heavy buying or hoarding threatens to occur all nations would be adversely affected and it would then be necessary to recommend a division of supplies regardless of outstanding contracts or ownership. Therefore, in the interest of all concerned the Board desires that claimants for these items advise the Board of their proposed programs, indicating quantities they expect to obtain from each supplying country. When any claimant submits a proposed program the Board will consider it in conjunction with programs proposed by other claimants. If in the opinion of the Board the fulfillment of all programs taken together necessitates an allocation recommendation the Board will make such recommendation in the usual manner. However, until such time as the Board formally decides and notifies the governments concerned that it has become necessary to place under international allocation items on List II, the governments submitting such programs may, in default of such notifications within 10 days after receipt of the programs by the Board, proceed with procurement arrangements in consultation with the national agency or agencies administering national control of List II items in the particular country chosen by the buying government as a source.

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General Commodity Heading	List I	List II
1. Animal Feeding Stuffs	Fish meal, whale tankage (or guano); Tankage; Bone meal; Blood meal; Greave cakes; Oil cakes and meals (all types); Mixed feed; Liver meal.	
2. Cereals	Rice, whole and broken and rice products.	Wheat and wheat flour, Barley, Oats, Rye, Malt, Corn and Corn Products, (including corn starch, syrup and sugar); Grain Sorghums.

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

General Commodity Heading	List I	List II
3. Citric and Tartaric Acid	Citric and tartaric acids, inclusive of argols, wine lees, etc.	
4. Cocoa	Cocoa beans & all products.	
5. Coffee		All types.
6. Dairy and Poultry Products	Butter; Cheese, natural and processed; Milk; Evaporated dried whole, sweetened condensed, roller skim and spray skim.	Eggs, fresh, frozen and dried; poultry, including chickens and turkeys; milk-base baby food.
7. Essential Oils	All kinds used in food flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).	
8. Fats and Oils	All fats & oils (edible and non-edible, including shortening and margarine); All oil-bearing seeds; Soap.	
9. Fertilizers	Nitrogenous, phosphatic (including rock) and potassic.	
10. Fish	Salted cod, haddock, hake, cusk pollock, saithe and ling; Canned fish.	
11. Fruits	Dried fruit (i.e. dates,	Fruit pulp and

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

	flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).	
8. Fats and Oils	All fats & oils (edible and non-edible, including shortening and margarine); All oil-bearing seeds; Soap.	
9. Fertilizers	Nitrogenous, phosphatic (including rock) and potassic.	
10. Fish	Salted cod, haddock, hake, cusk pollock, saithe and ling; Canned fish.	
11. Fruits	Dried fruit (i.e. dates, figs, apples, apricots, raisins and currants, peaches, pears and prunes).	Fruit pulp and pectin.
12. Hops		Hops and hop products.
13. Meat	Fresh, frozen, pickled, salted, smoked, canned, dehydrated meat (excluding fresh and frozen poultry, rabbits and venison).	Hog casings.
14. Nuts, edible		Almonds, walnuts, pecans, filberts and Brazil nuts (Note : Peanuts are under international allocation General Heading No. 8 above).

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

General Commodity Heading	List I	List II
15. Pulses	Dry beans, peas, lentils (natural or processed form).	
16. Seeds	Alfalfa, red clover, white clover, alsike clover, Kentucky blue-grass and seed potatoes.	All field and vegetable seeds, except alfalfa, red clover, white clover, alsike clover, Kentucky blue-grass and seed potatoes.
17. Soap	Soap (Note: covered in General Heading No. 8 above)	
18. Spices	Cinnamon quills, mace, Nutmeg, Pepper.	Cinnamon chips and bark, Pimento.
19. Sugar	Sugar (raw & refined)	Molasses, syrup, honey, manufactured food containing more than 10% sugar by weight.
20. Tea	Tea	
21. Vitamins	"A" oil.	

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

17. Soap	Soap (Note: covered in General Heading No. 8 above)	
18. Spices	Cinnamon quills, mace, Nutmeg, Pepper.	Cinnamon chips and bark, Pimento.
19. Sugar	Sugar (raw & refined)	Molasses, syrup, honey, manufactured food containing more than 10% sugar by weight.
20. Tea	Tea	
21. Vitamins	"A" oil.	

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

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

NOV 9 1945

HEADQUARTERS ALLIED COMMISSION
AFO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

Tel. 478192 SKIS/VM/cr

Ref. AC/5201/2/Emp/Commerce 8 November 1945

SUBJECT: Phosphate Rock

TO : Transportation S/C (Attn: Major Lorraine) (3)

1. The French Embassy, in their letter 1.773-II-38, dated 7 November, confirm that 100,000 tons of phosphate rock may be loaded from North Africa for Italy during the period November 1945 to 28 February 1946, as detailed on the attached schedule.

2. The above-mentioned quantity is inclusive of the 6/7000 tons already mentioned in this Sub-Commission's letter, same reference, of 24 October and verbal discussions.

Major H. A. GENT

1 Encl.as para 1.

H. A. GENT
Major
Director
Commerce Subcommission

Copy to: Chief Commissioner ✓
Executive Commissioner
Economic Section
Supply Division
Industry and Utilities S/C (Attn: Mr.Borkovich)
British Embassy
American Embassy
French Embassy
Office of the French Representative to AC
Ministero Industria e Commercio
Dir.Gen.Com.Estero
ICE, Via Torino 107, Rome
SICSA, Via Marche 1, Rome

2378

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

LIFTING OF PHOSPHATES

Contracts	Tonnage	Shipping port	Month	Year	Vessel
1st agreement	7.000	Sfax	November	1945	s/s "JFINGE" about 8/11/45
" "	8.000	"	"	"	to be designated
" "	5.000	Tunis	"	"	" " "
" "	15.000	Sfax	December	"	" " "
" "	5.000	Tunis	"	"	" " "
	50.000				
2nd agreement	10.000	(I) Tunis and/ or Sfax	"	"	" " "
" "	25.000	(2) " "	January	1946	" " "
" "	15.000	(2) " "	February	"	" " "
	100.000				

(I) It cannot be guaranteed that these 10,000 tons will be loaded in December. In case this supplementary quantity cannot be loaded before the end of the current year, it will be carried forward for January.

(2) These quantities are only given for information, and it has so far been impossible to determine the loading distribution between Tunis and Sfax. However, all necessary clarification will be supplied before 15 December prox.

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0786

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

P. Com

NOV 10 REC'D

OUTGOING MESSAGE

TO : FOR ACTION TROOPERS RPTD ACMAR FOR CCS FOR COAC FOR CLAC RPTD AFHQ FOR INFO

REF No: 8103 DATE : 8 NOVEMBER 1945 Precedence: ROUTINE

CONFIDENTIAL ID

THIS IS TAF ONE FIVE SIX ID

SUBJECT IS FRENCH ITALIAN AGREEMENT ON PHOSPHATE CRUDE PYRITES ID

PARA ONE ID TAF ONE SEVEN FIVE REFERS ID

PARA TWO ID AGREEMENT REACHED ID

PARA THREE ID FRENCH EMBASSY REPORT ONE ZERO ZERO ZERO ZERO ZERO TONS PHOSPHATE ROCK AVAILABLE FOR SHIPMENT FROM SFAX AS FOLLOWS CLN THREE SIX Z ZERO ZERO ZERO TONS NOVEMBER CMA THREE ZERO ZERO ZERO ZERO TONS DECEMBER ONE TWO FIVE ZERO ZERO ZERO TONS JANUARY CMA NINE ZERO ZERO ZERO TONS FEBRUARY ID

PARA FOUR ID

ITALIANS HAVE AVAILABLE FOR IMMEDIATE SHIPMENT ONE ZERO ZERO ZERO ZERO ZERO TONS PYRITES FROM FOLLONICA BASE PORTOLIGNE AS FOLLOWS CLN TWO FIVE ZERO ZERO ZERO TONS TO SOUTH FRANCE CMA SEVEN FIVE ZERO ZERO ZERO TONS TO ATLANTIC PORTS

DIST

ACTION DIRECTION : MEDITERRANEAN (11)
(CSC (6)
(SUTTLY GROUP
(PROGRAM BR
(REQUISITION BR (3)

ADVANCE COPIES TO : COMEFOR SC (2)
FRANCE SC
FOOD -AGRIC SC (2)
IND UTILITIES SC (2)
IT SC (2)

INFO : CHIEF COMMISSIONER
EX COMMISSIONER (2)
CC AR EMB
CA TO US EMB
TAA ROME
MMIT
FILE

2376

(54)

4/22/46 CE

INCOMING MESSAGE

Originator's Reference 82834 CA 16
Date/Time of origin Nov 2/1455Z

Message Centre No: G 2792
Date Time Rec'd : Nov 4/0830A
Precedence : Routine

FROM : TROOPERS

TO : ALCOM ROME INFO: FREEDOM WASHINGTON FOR COAC

CONFIDENTIAL.

This is PAT 174. Reference PAT 154 16th October.

1. We have no objections to Italians obtaining 1680 tons rosin from GREECE. Italians must however obtain formal permission from CRSB through AC.

2. We have seen 711 APFAR from MADRID. View shortage rosin we could not agree to Italians negotiating in SPAIN for present time as it would endanger our present negotiations. In any case Italians have been allocated 760 tons from MEXICO and are about to be allocated 1680 tons from GREECE for fourth quarter which should satisfy their immediate requirements.

3. There is in LONDON a rosin working group under the ARGUS of the Ministry of Supply of the principal European rosin consuming countries which allocates available supplies. We have not hitherto suggested that the Italians should be represented on the rosin working group for the same reasons that we could not agree to their being represented on the timber working group (see absent 31 to ROME). Since however no objections have been raised to membership of FINLAND on the rosin group we now see no reason why ITALY should not become a member too. Will you explain to Italians that we are prepared to support

0787

Declassified E.O. 12356 Section 3.3/NND No. 735015

not agree to Italians negotiating in SPAIN for present time as it would endanger our present negotiations. In any case Italians have been allocated 760 tons from MEXICO and are about to be allocated 1680 tons from GREECE for fourth quarter which should satisfy their immediate requirements.

3. There is in LONDON a resin working group under the AEGIS of the Ministry of Supply of the principal European resin consuming countries which allocates available supplies. We have not hitherto suggested that the Italians should be represented on the resin working group for the same reasons that we could not agree to their being represented on the timber working group (see absent 31 to ROME). Since however no objections have been raised to membership of FINLAND on the resin group we now see no reason why ITALY should not become a member too. Will you explain to Italians that we are prepared to suggest their membership and ask them whether they would like to be represented. Presume Signor SIGNORELLI would be a member. Advantage to the Italians is considerable as they would be able to see that they were getting fair treatment in line with other European countries

DIST

ACTION : REQUISITION (10)

INFO : CHIEF COMMISSIONER
EX COMMISSIONER (2)
ECON SEC (4)
CC BRITISH EMB
CC US EMB
FINANCE SC
TN SC (2)
FILE (2)
FLOAT

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

0789

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

C.C.

Translation

The President of the Council of Ministers

Rome, 27 October 1945

My dear Admiral,

I am most happy to acknowledge the content of your let er dated October 9th.

I can assure you that the Italian Government greatly wishes to go back bef re long to a full freedom for international trade.

Undersecretary Storoni informed me that as soon as he knew about the above mentioned letter, he contacted the offices concerned of the Allied Commission, as well as the commercial Attaches of the United States and United Kingdom to study with them the problems connected with the resumption of private trade.

At the meeting which took place on the 16th, Undersecretary Storoni handed over to the officials who at ended it the enclosed memoranda about which we are waiting for the opinion of the American and British Governments.

I am most grateful for all that t e Allied Gov rnment are doing for my co ntry, and remain, my dear Admiral,

truly yours,

s. Perruccio Parri

enclosures : 3

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
R o m e

trans. e/e

2374

EC Sect. I Nov 1945

Action Economic Sec(s)
INFO - CHIEF COMMR
- DX COMMR

Translation

Interstate commerce. It is a completely exceptional and contingent form of foreign trade. It is carried out only in relation with the supplies from the Allied Governments to the Italian Government and with the purchase of Italian products on account of the said Allied Governments.

Import wares are delivered in consignment to the Foreign Trade Institute on account of the Italian State, which makes use for this aim of such organisms as are best equipped from the technical point of view.

Export wares are purchased by the said Institute and delivered to the Allied Authorities.

Commerce between private persons. In past times, Italian legislation never foresaw interstate commerce; it always considered commerce between private persons as being the normal form of foreign exchanges, and regulated it to economic and value purposes. To go back to commerce between private persons means therefore going back to a normal state of things and to the enforcing of the already existing legislation.

Commerce between private persons is carried out in the following way:
a) Imports. - The organisms of the Government concerned draft a plan on general lines of the wares to be imported and their relative amount, graduating it according to their importance in relation with the supplying of the requirements of national economy.

The private person who wants to import from abroad a ware, foreseen by the plan, contacts the purveyor and settles the terms of the purchase. Then he contacts the Undersecretary for Foreign Trade - either directly or through the channel of the Chamber of Commerce - to obtain the import license.

When he has the license, he shows it to the Customs Office mentioned by himself, to import the purchased wares.

The customs control the quality, quantity and value of the wares and issues an 'Import Bill'

To make the payment of the price that has been agreed to, the importer, if a payment in free value has been foreseen, sends a request to one of the banks empowered for commercial exchange, to whom he shows the customs bill and the invoice; if the payment takes place by means of a clearing, the importer pays to one of the said banks the counterpart in lire of the price agreed upon, this when the customs operation has been carried out, and when the customs have stamped the declaration.

b) Exports. - The organisms of the Government concerned fix the quantity of

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

means therefore going back to a normal [illegible] of the already existing legislation.

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a) imports. - The organisms of the government concerned draft a plan on general lines of the wares to be imported and their relative amount, graduating it according to their importance in relation with the supplying of the requirements of national economy.

The private person who wants to import from abroad a ware, foreseen by the plan, contacts the purveyor and settles the terms of the purchase. Then he contacts the Undersecretary for Foreign Trade - either directly or through the channel of the Chamber of Commerce - to obtain the import license.

When he has the license, he shows it to the Customs office mentioned by himself, to import the purchased wares.

The customs control the quality, quantity and value of the wares and issue an 'import bill'

To make the payment of the price that has been agreed to, the importer, if a payment in free value has been foreseen, sends a request to one of the banks empowered for commercial exchange, to which he shows the customs bill and the invoice; if the payment takes place by means of a clearing, the importer pays to one of the said banks the counterpart in lire of the price agreed upon, this when the custom operation has been carried out, and when the customs have stamped the declaration.

b) exports. - The organisms of the government concerned fix the quantity of national wares which can be exported. Export licenses can be released within the limits of such amounts.

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The person concerned, after making a selling contract with a foreign buyer, asks the Undersecretariat for Foreign Trade for the necessary license. Once he has obtained the license, he takes the wares to the Customs.

If the export takes place with a payment in value, the person concerned must produce to the customs an approval released by one of the banks authorised to carry out commercial exchanges, after the exporter pledged himself to hand over the value.

If the export take place with a payment in clearing, the exporter presents to the customs a 'declaration' on a special form, on the counterpart in lire of the wares he is exporting.

c) other operations. - The Undersecretariat for Foreign Trade will have to authorize - after previously ascertaining the usefulness and advisability of the operations proposed, - the import of wares free of value; private compensations; imports of raw materials on credit for working on order, etc..

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In the system of commerce between private persons, the foreign trade institute is no longer the compulsory channel. The persons concerned are therefore not obliged to contact I.C.E. for their import and export operations.

I.C.E. resumes its normal and institutional advisory and assistance functions towards the persons concerned, and its control of the quality of some fruit and vegetables exports, to safeguard the good fame of Italian products on foreign markets.

Such assistance functions can chiefly be carried out, at the present time, to overcome the transport difficulties with which private persons are faced.

From what is said above, it can be seen that the reorganisation of the normal commerce system between private persons, greatly wished by the Italian side, implies the following fundamental conditions:

1. the complete re-establishment of custom services on the whole sea- and land border of the Italian State;

2. the settling of payment agreements to assure the crediting in value for exports, outside state credits, and therefore the possibility of purchasing wares charged to such credits;

3. the attenuating and progressive elimination of limitations to Italian foreign trade, caused by the regulations relative to the 'reserved commodity list' and the obligation for Italy to obtain for them estimates from the Allied Authorities for the exports which are to take place.

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2. the settling of payment agreements to assure the crediting in value for exports, outside state credits, and therefore the possibility of purchasing wares charged to such credits;

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

Translation

AGREEMENT ON PAYMENTS

In the memorandum handed over on October 16th, 1945, on the resumption of foreign trade among private persons, it was pointed out that one of the necessary conditions for such a resumption to be possible from the practical point of view, was the reaching of an agreement between the Italian Government and the American and British ones, to guarantee that value coming from wares exports can be used without difficulties for the payment of wares to be imported.

In explaining such a condition, we didn't intend necessarily to refer to a clearing agreement, but we only intended to point out the necessity of assuring the carrying out of payments, necessity which can be better cleared up by the following remarks:

1) At present, in the interstate commerce systemexisting between Italy on one side and the United States and United Kingdom on the other, the proceeds of Italian exports is credited by the British Government in an export account for account of the Italian Treasury, while we do not yet know how the crediting is done by the American Government. The Italian Treasury is not informed daily of the crediting relative to each operation, but after some time, it is informed of the total amount of the credits and of the curtailing they undergo because of the purchases made by the Italian Government.

2) To re-establish commerce between private persons, the resumption of the following system is necessary: the Italian exporter who sold his wares in the United States or in Great Britain, receives from the buyer the value (dollars or pounds) representing the price of the said wares. Such a value, transferred to the exporter by means of a draft, is passed over by him to the Italian Foreign Exchange Office which pays the counterpart in lire and becomes the owner of the value.

On his side, the importer who purchases wares from the United States of Great Britain, contacts the Italian Foreign Exchange Office to purchase the value (dollars or pounds) required to pay his purveyor and transfers the said value to him after paying the counterpart in lire to the Foreign Exchange Office.

The accounts in dollars or pounds, of the Italian Foreign Exchange Office to be kept with its correspondents in the United States or in the United Kingdom, should be free accounts to all purposes.

Should the Government of the United States or that of the United Kingdom prefer a different system, such as for instance, that of a memorandum account [illegible] or a general compensation account, this wouldn't give rise to any difficulty on the Italian side. In any case, it is essential to assure that the exports proceeds are available for the payment of import wares.

It [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 759015

is done by the American Government. The Italian Treasury [illegible] of the crediting relative to each operation, but after some time, it is informed of the total amount of the credits and of the surtailing they undergo because of the purchases made by the Italian Government.

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Should the Government of the United States or that of the United Kingdom prefer a different system, such as for instance that of a memorandum account [illegible] or a general compensation account, this wouldn't give rise to any difficulty on the Italian side. In any case, it is essential to assure that the exports proceeds are available for the payment of import wares.

3) We are waiting for the Governments of the United States and United Kingdom to let us know their decision on this matter.

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Rome, 20/10/45

trans. c/c

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

Translation

CUSTOMS SERVICES

The Italian memorandum presented on October 16th pointed out that the re-establishment of foreign trade among private persons implies among other indispensable conditions, the resumption of customs services along the entire sea and land frontier of the Italian State.

To prove this requirement, we point out what follows:

1) to carry out a discipline of imports and exports, for economic as well as monetary purposes, it is necessary that none of the wares that leave or enter Italian territory should escape the control of the customs. To issue licences would be useless if there was no way of controlling the movement of wares: it is enough for this control to fail in one or two points of the frontier to make all kind of fraudulent operations possible, when foreign trade is left to private initiative.

At present, it happens that in many points of the Italian frontier, and particularly in the Naples, Bari, Civitavecchia, Piombino and Livorno harbours, where foreign exchanges activity is greater, the Customs are not allowed to fulfill their functions, and therefore don't know either the kind or the amount of wares that come from or are to be sent abroad. Such inconveniences are not very noticeable at present for the system of trade between Governments is still in force, but they would be enormous in a system of trade between private persons.

2) The customs services of Northern Italy still depend from the Allied Military Government. The General Management of the Customs in Rome is allowed to issue instructions to the customs of the North, but such instructions interfere with those that are issued by the A.M.G. of the various Northern regions and this is very prejudicial to the unity of instructions which is indispensable in such a matter.

Besides, the General Management of the Customs has no control over the custom services of the Italo-Austrian and Italo-Yugoslav frontier, so that nothing can be known about the activity which is taking place in this zone, and no form of systematic discipline can be carried out.

3) The customs of the sea and land frontier of a state are like the watched openings of a net stretched along the border of the said state. The control of the opening implies that the whole net is carefully watched, so that the passage of the wares can only take place in the points where the customs are, and can ascertain the lawfulness of the in-coming and out-going operations.

In Italy, the Guardia di Finanza is entrusted with watching the frontier; however, at present, many points of the Northern frontier are without them. This means that very often, private persons can carry out operations that are not allow-

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

Translation

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

for the system of trade between Governments is small in scope, enormous in a system of trade between private persons.

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In Italy, the Guardia di Finanza is entrusted with watching the frontier; However, at present, many points of the Northern frontier are without them. This means that very often, private persons can carry out operations that are not allowed to the great prejudice of the economic and monetary interests of the country.

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

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

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

OCT 24 RECD

Tel. 478192

SKIS/VM/ig

24 October 1945

REF. : AC/5201/3/Imp/Commerce

SUBJECT : Phosphate Rock

TO : Transportation S/C (Attn: Major Laraman) (3)

1. The French Embassy have notified this Sub-Commission with letter No.1.587-IV-2, dated 22 October 1945, that the immediate loading of phosphate rock has been authorized and that ships should be sent forthwith to SFAX to lift the first consignment of 6,000 (six thousand) tons of phosphates. The French Embassy have promised to give, very shortly, exact details of subsequent quantities to be lifted.

2. Therefore, it is requested that shipping be arranged to lift above cargo with such disposal instructions as may be given by Chemical Division.

3. SOCIETA' ITALIANA PER IL COMMERCIO ESTERO (S.I.C.E.A.) - Via Marche 1, Rome - have been duly authorized to act as receiving agents and, in order to facilitate their work, it is urgently necessary that the maximum possible notice of arrivals of shipments should be given to them.

H. A. GENT
Major
Director
Commerce Sub-Commission

Copy to: Chief Commissioner
Executive Commissioner
Economic Section
Supply Division
Industry S/C (Attn: Mr. Dorkovich)
British Embassy
American Embassy
French Embassy
Office of the French Representative to AC
Ministero Industria e Commercio, D.G.Comm.Estero
I.C.E., Via Torino 107, Rome
S.I.C.E.A., Via Marche 1, Rome

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0800

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

27 October 1945

Executive Commissioner:

The Chief Commissioner desires that the following distribution be made of attached letter:

Executive Commissioner
Economic Section
Chief Financial Adviser
Political Adviser (A)
Political Adviser (B)

Please return the original letter and its inclosure to Chief Commissioner's Office.

L. W. STEARNS
Major, AGD
SO to CC

1 Incl - Ltr, 19 Oct 45, from American Ambassador, inclosing Note Verbale of 18 Oct 45 addressed to Italian Government regarding the resumption of private trading between Italy and the U.S.

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

CC

22 October 1945

Dear Mr. Ambassador:

Thank you for your letter of 19 October 1945, transmitting a copy of Note Verbale dated October 18, 1945, which the Embassy has addressed to the Italian Government regarding the resumption of private trading between Italy and the United States.

Sincerely yours,

/s/ Ellery W. Stone
ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

The Hon. Alexander Kirk,
American Ambassador,
Via Vittorio Veneto 119,
Rome.

cc-Ex Comm.

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Declassified E.O. 12356 Section 3.3/NND No. 735015

OCT 22 1945
CC 0730

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Rome, Italy,
October 19, 1945.

Rear Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
Rome.

My dear Admiral:

I am pleased to transmit for your information a copy of a Note Verbale dated October 18, 1945 which the Embassy has addressed to the Italian Government regarding the resumption of private trading between Italy and the United States.

Sincerely yours,

A. Kirk

Enclosure:

Copy of Note Verbale No. 769

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EC
Econ Sec
CFT
Polads NATO

No. 769

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Royal Ministry of Foreign Affairs and, under instructions from its Government, has the honor to inform the Italian Government of certain steps, described below, which the United States Government proposes to take with respect to commerce with Italy.

The United States Government considers that the time has arrived when its participation in the purchase and sale of Italian imports and exports should be terminated; and that all trade between the United States and Italy should be returned as far as possible to private channels,

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

and, under instructions from its Government, has the honor to inform the Italian Government of certain steps, described below, which the United States Government proposes to take with respect to commerce with Italy.

The United States Government considers that the time has arrived when its participation in the purchase and sale of Italian imports and exports should be terminated; and that all trade between the United States and Italy should be returned as far as possible to private channels, subject to such controls as the Italian Government may find necessary to carry out the pertinent directives of the Allied

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To the

Royal Ministry of Foreign Affairs,

Rome.

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

the Allied Commission affecting Italian trade, to assure the use of Italian foreign exchange only for essential imports, and to prevent the exportation of products needed in the Italian economy.

Consequently, the United States Government proposes to take the following steps:

(a) Effective December 1, 1945, it will cease its participation in the procurement of Category "B" items in the United States under the Program of Essential Imports of the Italian Government. To complete procurement of the Foreign Economic Administration interim program approved by the Combined Authorities, United States Government facilities will continue to be used, and purchases in the United States for the present and proposed

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

to take the following steps:

(a) Effective December 1, 1945, it will cease its participation in the procurement of Category "B" items in the United States under the Program of Essential Imports of the Italian Government. To complete procurement of the Foreign Economic Administration interim program approved by the Combined Authorities, United States Government facilities will continue to be used, and purchases in the United States for the present and proposed programs of the United Nations Relief and Rehabilitation Administration will continue to be made by UNRRA through United States Government agencies of procurement.

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(b) Effective not later than January 1, 1946, the direct

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direct participation of the U.S. Commercial Company in the exportation of Italian goods to the United States, as agent for the Istituto Nazionale per il Commercio Estero, will be terminated.

(c) In the near future the United States Government will liberalize its existing export licensing controls, in respect of exports to Italy, to place Italy in the same category as that of other liberated areas.

(d) A new general license will shortly be issued by the United States Treasury Department permitting transactions in Italian funds which have accrued after the effective date of the license. Until that time, however, all transactions involving Italian assets in the United States will require Treasury licenses.

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

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(d) A new general license will shortly be issued by the United States Treasury Department permitting transactions in Italian funds which have accrued after the effective date of the license. Until that time, however, all transactions involving Italian assets in the United States will require Treasury licenses.

(e) By action of the Foreign Economic Administration, it is also expected that Italy will be moved from the Group E to the Group K list of countries affected by United States export controls, thus automatically making it necessary

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

it necessary to have specific export licenses only for those commodities which are in short supply and making it possible for American businessmen to deal direct with Italian private firms without any specific United States Government approval. Such transactions would of course remain subject, however, to regulations of the Italian Government and of the Allied Commission.

(f) Concurrently with the foregoing, action will be taken to permit individual American exporters to arrange direct with steamship companies for shipping space on particular vessels, by providing for space for commercial shipments to Italy within allocations of the War Shipping Administration.

It is the desire of the United States Government

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

remain subject, however, to regulations of the Italian Government and of the Allied Commission.

(f) Concurrently with the foregoing, action will be taken to permit individual American exporters to arrange direct with steamship companies for shipping space on particular vessels, by providing for space for commercial shipments to Italy within allocations of the War Shipping Administration.

It is the desire of the United States Government that all exports to the United States from Italy following the withdrawal of the U.S. Commercial Company be handled through private channels subject to such licensing procedures or other appropriate procedures by the Italian Government

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

Government as may be justified for preventing the exporting of essential merchandise required in the Italian economy and to insure that the dollar proceeds become available to the Italian Government. The United States Government hopes that the handling of a large portion of imports from the United States into Italy outside the proposed program of UNRRA can be done through private channels, although it is recognized that some items will have to be purchased for Government account by the Italian Government's representatives and that the Italian Government will find it necessary to license private transactions so as to guarantee efficient utilization of the dollars available to it for essential goods only and to provide for

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

Government hopes that the [illegible]

imports from the United States into Italy outside the proposed program of UNRRA can be done through private channels, although it is recognized that some items will have to be purchased for Government account by the Italian Government's representatives and that the Italian Government will find it necessary to license private transactions so as to guarantee efficient utilization of the dollars available to it for essential goods only and to provide for appropriate distribution and coordination of imports in Italy.

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In informing the Italian Government of the steps which the United States Government proposes to take, as outlined above, the Embassy is instructed to express the hope

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

hope that there can be handled through private trade channels all exports from Italy to the United States and as much of imports from the United States as is possible, and to suggest that the Italian Government may desire at the earliest possible moment (a) to establish appropriate machinery for handling the licensing of Italian foreign trade, and (b) to make arrangements for the purchase by representatives of the Italian Government in the United States of those imports which for the present cannot properly be handled through private channels.

The Embassy is also instructed to inform the Italian Government of the desire of the United States Government to discuss in Rome or Washington as soon as possible details of the arrangements to be made.

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

the earliest possible moment (a) to establish appropriate machinery for handling the licensing of Italian foreign trade, and (b) to make arrangements for the purchase by representatives of the Italian Government in the United States of those imports which for the present cannot properly be handled through private channels.

The Embassy is also instructed to inform the Italian Government of the desire of the United States Government to discuss in Rome or Washington as soon as possible details of the arrangements to be made.

An early reply from the Royal Ministry of Foreign

236 Affairs setting forth the views of the Italian Government with respect to the foregoing would be appreciated.

October 18, 1945.

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

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

C 29574
OCT 19/2019A

G 1528
OCT 20/1030A
ROUTINE

AFHQ FROM CIVIL AFFAIRS SEC CMF

ACTION: USFA INFO: ALCOM FORE USFA NAVY LAND MIL GOV SALZBURG NAVY REA FOR LIAISON
ACA/ ACAFFIT VIENNA AFLRS FORE

UNCLASSIFIED.

Italo-Austrian trade is subject. Reur YY 8258.

1. Your intention to send officer here to discuss resumption Italo-Austrian trade noted. If this is the representative asked for in our FX 48479 to discuss temporary arrangements for barter between SALZBURG and BOLZANO, suggest he proceeds as suggested in FX 48479. para 1.

2. If on other hand intention is to discuss resumption of general trade on lines of our letter I 16 september 25, it is suggested that proposed visit will achieve little in absence or representatives of ACHARIT and Italian government. Must emphasize neither this HQ nor ALCOM have any responsibility for Italian trade, and discussions limited to this HQ would prove fruitless. In these circumstances would prefer to defer visit of your representative until conference proposed in our letter september 25 para 12, to which we should appreciate receiving your reply earliest

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DIST

INFO-ACTION : COMMERCE SC

INFO : CHIEF COMMISSIONER
ECON SEC (2)
FOOD SC (2)
FILE (2)
FLOAT

OCT 23 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

Tel: 478192

SKIS/lg

18 October 1945

Ref. AC/5203/ROL/Imp/General

SUBJECT: Reserved Commodity Lists

TO : See Distribution List attached

1. Reference is made to this Sub-Commission's letter AC/5203/ROL/Imp/Commerce, dated 6 October 1945, in which mention was made of the expected revision of the Reserved Commodity List of the Combined Boards, Washington.

2. A complete set of Lists of Reserved Commodities, effective immediately, is attached.

The set consists of :

APPENDIX A (1) - Reserved Commodity List of Combined Raw Materials Board

APPENDIX A (2) - Reserved Commodity List of Combined Food Board

APPENDIX A (3) - Reserved Commodity List of Combined Production and Resources Board

APPENDIX A (4) - Other commodities at present classified in Category A by agreement between U.S., U.K. and Canada.

3. The Appendix A (1) is considerably shorter than

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

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APPENDIX A (2) - Reserved Commodity List of Combined Food Board

APPENDIX A (3) - Reserved Commodity List of Combined Production and Resources Board

APPENDIX A (4) - Other commodities at present classified in Category A by agreement between U.S., U.K. and Canada.

3. The Appendix A (1) is considerably shorter than the previous list. Appendices A (2), (3) and (4) remain unchanged for the present. They are in course of revision and new lists will be circulated as they become available.

H.A.GENT.
Major
Director
Commerce Subcommission

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

Distribution :

Office of the Chief Commissioner
Office of the Executive Commissioner
Office of Representative of the Chief Commissioner, Milan (4)
Economic Section
Industry & Commerce Div.
Supply Division (3)
Industry S/C (3)
Public Works S/C
Transportation S/C
Agriculture S/C (3)
Food S/C (3)
Finance S/C
Regional Commissioner, Lombardia Region (3)
" " Piemonte Region (3)
" " Liguria Region (3)
" " Venezia Region (3)
AMG 13 Corps (3)
AMG Naples Commune (3)
Allied Commission, Liaison Officer, Palermo
Allied Forces Local Resources Section (3)
AMG Livorno Zone
AMG Ancona Commune
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir. Gen. Commercio Estero
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricoltura
" della Ricostruzione
" dei Trasporti
Istituto Commercio Estero

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

" " Liguria Region (3)
" " Venezia Region (3)

AMG 13 Corps (3)
AMG Naples Commune (3)
Allied Commission, Liaison Officer, Palermo
Allied Forces Local Resources Section (3)
AMG Livorno Zone
AMG Ancona Commune
AC, Liaison Officer, Bari
AC, Liaison Officer, Catania
French Embassy
French Representative to AC
Ministero Industria e Commercio,
Dir.Gen.Commercio Estero
" dell'Alimentazione
" degli Affari Esteri
" dell'Agricoltura
" della Ricostruzione
" dei Trasporti
Istituto Commercio Estero

Spares (6)

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

APPENDIX A (I)

COMBINED RAW MATERIALS BOARD

RESERVED COMMODITY LIST

Revised - September 5, 1945

Commodity	Reserved Forms
1. Copal Gum	All forms.
2. Cordage fibers	Manila, sisal, henequen, hemp (cannabis sativa), and their manufactures.
3. Hides, skins and leather	Raw cattle hides and raw calf and kipskins; all cattle, calf and kip leather; raw goatskins; all goatskin leather; East Indian tanned kips; East Indian tanned goatskins; East Indian tanned sheepskins.
4. Hog Bristles	All lengths.
5. Jute (including Belgian Congo Jute)	Fiber and butts; yarn, cloth, bags and other jute goods.
6. Lead	Unrefined forms 1/; refined lead metal and lead-base alloy basic forms and shapes 2/, including solder and babbitt; and scrap.
7. Lumber	Lumber, logs and bolts, crossties (railroad and miscellaneous),

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3.	Hides, skins and leather	Raw cattle hides and [illegible] and kipskins; all cattle, calf and kip leather; raw goatskins; all goatskin leather; East Indian tanned kips; East Indian tanned goatskins; East Indian tanned sheepskins.
4.	Hog Bristles	All lengths.
5.	Jute (including Belgian Congo Jute)	Fiber and butts; yarn, cloth, bags and other jute goods.
6.	Lead	Unrefined forms 1/; refined lead metal and lead-base alloy basic forms and shapes 2/, including solder and babbitt; and scrap.
7.	Lumber	Lumber, logs and bolts, crossties (railroad and miscellaneous), poles and piles, dimension stock, lath, shingles, millwork, and hardwood flooring.
8.	Mica	Muscovite bookform splittings, grades 5 and larger. (To be deleted November 30, 1945).
9.	Newsprint	

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

10.	Pine Resin	
11.	Retenone	Cube and derris roots; powders and extracts.
12.	Rubber	Natural and synthetic, including latex; and reclaimed.
13.	Tin	Unrefined forms 1/; refined tin and tin-base alloy basic shapes and forms 2/; (including tin-bearing bronzes); and scrap.

Page

1/ The term "unrefined forms" is used to designate mine, concentrating mill, and smelter products, residues or waste materials, and products of other primary reduction processes. Examples are ores, concentrates, matte, speiss, tailings, blister, anodes, bullion, precipitates, flue dust, drosses, slags, skimmings.

2/ Metal and alloy "basic shapes and forms" include refinery, intermediate, and semi-fabricated shapes. Refinery and intermediate shapes of the various metals might include cathode sheets, ingots, pigs, slabs, sticks, rondels, pellets, shot, cakes, blooms, billets, wire bars and rods, et cetera. Semifabricated shapes include rolled, drawn and extruded forms, such as plate, sheet, strip, angles, sections, rods, bars, bare wire, pipe, tubing, structural shapes, discs; powder; foil.

0822

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

10.	Pine Rosin	
11.	Rotenone	Cube and derris roots; powders and extracts.
12.	Rubber	Natural and synthetic, including latex; and reclaimed.
13.	Tin	Unrefined forms 1/; refined tin and tin-base alloy basic shapes and forms 2/; (including tin-bearing bronzes); and scrap.

S-I-S

1/ The term "unrefined forms" is used to designate mine, concentrating mill, and smelter products, residues or waste materials, and products of other primary reduction processes. Examples are ores, concentrates, matte, speiss, tailings, blister, anodes, bullion, precipitates, flue dust, drosses, slags, skimmings.

2/ Metal and alloy "basic shapes and forms" include refinery, intermediate, and semi-fabricated shapes. Refinery and intermediate shapes of the various metals might include cathode sheets, ingots, pigs, slabs, sticks, rondels, pellets, shot, cakes, blooms, billets, wire bars and rods, et cetera. Semifabricated shapes include rolled, drawn and extruded forms, such as plate, sheet, strip, angles, sections, rods, bars, bare wire, pipe, tubing, structural shapes, discs; powder; foil.

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A P P E N D I X A(2)

COMBINED FOOD BOARD RESERVED COMMODITY LIST

General Commodity Heading	
1. Animal Feeding Stuffs	Fish meal; whole tankage (or guano); Tankage; Bone meal; Blood meal; Grease cakes; Oil cakes and meals (all types); Mixed food.
2. Cereals	Wheat and Wheat Flour; Rice; whole and broken.
3. Citric and Tartaric Acid	Citric and tartaric acids, inclusive of argols, wine lees, etc.
4. Cocoa	Cocoa beans all products.
5. Coffee	
6. Dairy Products	Butter; Cheese, natural and processed; Milk, evaporated dried whole, sweetened condensed, roller skim and spray skim.
7. Essential Oils	All kinds used in food flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).
8. Fats and Oils	All fats and oils (edible and non-edible); All oil-bearing seeds; Soap.
9. Fertilizers	Nitrogenous, phosphatic (in-

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

4.	Cocoa	Cocoa beans all products.
5.	Coffee	
6.	Dairy Products	Butter; Cheese, natural and processed; Milk, evaporated dried whole, sweetened condensed, roller skim and spray skim.
7.	Essential Oils	All kinds used in food flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).
8.	Fats and Oils	All fats and oils (edible and non-edible); All oil-bearing seeds; Soap.
9.	Fertilizers	Nitrogenous, phosphatic (including rock) and potassic.
10.	Fish	Salted cod, haddock, hake, cusk pollock, saithe and ling, Canned fish.
11.	Fruits	Dried fruit (i.e. dates, figs, apples, apricots, raisins and currants, peaches, pears and prunes).
12.	Hops	
13.	Meat	Fresh or frozen, cured; canned and dehydrated meat (excluding poultry).

2356

(49)

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

14.	Nuts, edible	
15.	Pulses	Beans, peas, lentils.
16.	Seeds	All field and vegetable seeds.
17.	Soap	Soap (Note:covered in General Heading No. 8 above).
18.	Spices	Cinnamon quills, Mace, Nutmeg, Pepper.
19.	Sugar	Sugar (raw and refined).
20.	Tea	
21.	Vitamins	Synthetic vitamins, i.e. ascorbic, niacin, roboflavin and thiamine.

0826

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

Revised as of August 1, 1945 APPENDIX A(3)

CPRB RESERVED COMMODITY LIST

1. Public Utilities Equipment
   a. Power Equipment
      1. Turbo generators, steam and hydro of 500 KW and over with boilers
      2. Boilers of 20,000 pounds per hour and over
      3. Diesel or gasoline engine-driven generators 150 KW and over
      4. Transmission and distribution equipment programs of $500,000 and over
   b. Wire Communications Equipment
      1. Telephone and telegraph equipment programs of $100,000 and over

2. Locomotives and Rolling Stock
   a. Steam locomotives, 2'6" gauge over
   b. Diesel, electric, and Diesel-electric locomotives, 600 H.P. and over
   c. Railroad cars (wagons) and coaches, 2'6" gauge and over

3. Trucks, and truck components for assembly, but not including repair or replacement parts or batteries.

4. Tires and Tubes (except for motorcycles and bicycles)

5. Medical Supplies
   a. Drugs:
      1. Ipecac, emetine and other ipecac derivatives
      2. Narcotics
   b. Dental burrs
   c. X-ray film

6. Footwear containing any leather
   (Hides, skins and leather on CRMB list. Sewing thread and textile linings included below under Textiles).

7. Coal and Coke

8. Coal Mining Machinery (Underground):

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

a. Steam locomotives, 2'6" gauge and over
b. Diesel, electric, and Diesel-electric locomotives, 600 H.P. and over
c. Railroad cars (wagons) and coaches, 2'6" gauge and over

3. Trucks, and truck components for assembly, but not including repair or replacement parts or batteries.

4. Tires and Tubes (except for motorcycles and bicycles)

5. Medical Supplies
a. Drugs:
1. Ipecac, emetine and other ipecac derivatives
2. Narcotics
b. Dental burrs
c. X-ray film

6. Footwear containing any leather
(Hides, skins and leather on CRMR list. Sewing thread and textile linings included below under Textiles).

7. Coal and Coke

8. Coal Mining Machinery (Underground):
a. Cutting machines - Shortwall and Longwall
b. Cutting machines - Universal and Arcwall
c. Loaders - Crawler
d. Loaders - Track
e. Conveyors - Chain and Elevating
f. Conveyors - Belt
g. Conveyors - Shaker
h. Mine Locomotives
i. Cars - Mine
j. Cars - Shuttle
k. Drills - Electric
l. Mine Crawler Trucks
m. Hoists - Coal Mine Type

9. Textiles
Yarns and fabrics of cotton, wool and rayon, and articles made therefrom, including the following:
a. All fabrics for clothing, household or other uses made from cotton, wool or rayon whether woven or knitted.
b. All clothing, household textiles and other fabricated

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(49)

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

articles made of cotton, wool or rayon, whether woven or knitted.

c. All yarns of cotton, wool or rayon.

d. All fabricated articles from yarn of cotton, wool or rayon including fishnets and fishnet twine, sewing thread, yarn for mending and darning.

e. Tyre Cord.

0 8 2 9

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APPENDIX A(4)

OTHER COMMODITIES AT PRESENT CLASSIFIED IN CATEGORY A BY AGREEMENT BETWEEN U.S., U.K. AND CANADA AS NECESSARY FOR THE WAR EFFORT

1. Citrus Juices (unconcentrated and concentrated)
2. Fresh Citrus Fruit
3. Tomato Paste and Canned Tomatoes

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

0 8 2 0

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

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

OCT 19 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

Tel. 478192

SKIS/cr

Ref. AC/5201/2/Imp/Commerce

17 October 1945

SUBJECT: Phosphate rock supplies

TO : Industry S/C

1. Reference is made to AC/460/N/IND dated 10 Oct. addressed to Industry S/C by the Milan Office, in which are set forth certain suggestions regarding the supply of phosphate rock.

2. It is considered by this Sub-Commission that the American phosphate is the most promising alternative supply. Arrangements are in hand to ascertain price and availability of Florida phosphate but it is feared that the freight expenses will make the cost prohibitive.

3. It is almost certain that the supply of French phosphate will commence soon.

4. With regard to the Egyptian phosphate this is a matter for the Italian Government to consider and is not within our province. They are fully aware of the existence of these mines.

2353

H. A. GENT
Major
Director
Commerce Subcommission

Copy to: Office of the
Chief Commissioner
" " the Executive Commissioner
Industry S/C, Milan

0833

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

OCT 18 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel: 478192 SKIS/lg

17 October 1945

Ref. AC/5201/2/Imp/Commerce

SUBJECT: Italian-French trade···Pyrites/Phosphate Rock.

TO : Mr. Charles Livengood,
American Embassy

1. Reference is made to your letter dated 27 September regarding this Headquarters' suggestion to approach the Emergency Economic Committee for Europe to give assistance in the proposed pyrites/phosphate rock deal between the Italian and the French.

2. In view of the recent developments in the negotiations between the French and the Italians, it would not appear that any useful purpose would now be served by pursuing this line of action.

3. We are informed by the Italian Government that they are to sell 100.000 tons of pyrites at a provisional price of 800 lire per ton, it being stipulated that this price is subject to arbitration by Washington. There is also a matter of some 11,068 kilos of bergamot oil to be sold to the French. The Italians will receive in exchange phosphate rock to the value of the pyrites and the bergamot oil.

4. These conditions have been agreed by the French Commercial attaché but confirmation that Paris have authorised the loading of phosphate rock is still awaited.

2352

For the Chief Commissioner:

(sgd) E B. McKinley

E.B. McKINLEY
Brigadier General USA
Acting Vice President

Copy to: Office of the Chief Commissioner
Office of the Executive Commissioner
Economic Section
Commerce S/C

0834

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

AFHQ FOR FMCSG INFO GOVERNOR MALTA CMA BRITISH EMBASSY ROME

6873

10 OCTOBER 1945 ROUTINE

RESTRICTED

SUBJECT IS MALTA/SICILY TRADE FD

PAREN TO FOR ACTION TO AFHQ FOR FMCSG INFORMATION GOVERNOR MALTA CMA BRITISH EMBASSY ROME FROM HQ ALCOM CITE ACCCS PAREN

PARA ONE FD GOVERNOR MALTA WISHES TO SEND SMALL TRADE DELEGATION TO SICILY TO EXPLORE AVAILABILITY AND PRICES OF EGGS CMA FISH CMA FRUIT AND VEGETABLES FD

PARA TWO FD ITALIAN GOVERNMENT HAVE CONFIRMED THEIR AGREEMENT FD MAY AUTHORITY PLEASE BE TRANSMITTED BY YOU DIRECT TO MALTA FD

PARA THREE FD WE ARE CABLING MALTA PAREN A PAREN REQUESTING THEM TO ADVISE YOU NAMES OF DELEGATION PAREN PROBABLE STRENGTH THREE PERSONS PAREN FD PAREN B PAREN SUGGESTING MALTA DEAL DIRECTLY WITH YOU FD

2351

(Maj. Seul)

COMMERCE SUB-COMMISSION
476192

G. J. LEONE
CWO, USA
Asst. Adjutant

0835

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

GOVERNOR MALTA INFO APHQ FOR PHIBSO, BRITISH EMBASSY ROME

6871

10 OCTOBER 1945

ROUTINE

SUBJECT IS TRADE DELEGATION TO SICILY PD

PARAS TO FOR ACTION TO GOVERNOR MALTA INFORMATION APHQ FOR PHIBSO CMA BRITISH EMBASSY ROME FROM HQ ALCOM CITE ACCOE PARAS

PARA ONE PD REQUEST YOU ADVISE APHQ OF NAMES OF DELEGATION PD

PARA TWO PD ITALIAN GOVERNMENT ARE AGREEABLE TO DELEGATION PD

WE HAVE ASKED APHQ TO TRANSMIT AUTHORITY DIRECT TO YOU PD

PARA THREE PD SUGGEST YOU DEAL DIRECT WITH APHQ IF FURTHER COMMUNICATIONS NECESSARY PD

2350

H5

COMMERCE SUB-COMMISSION

478192

(Maj. Saul)

G. J. LEONE
CWO, USA
Asst. Adjutant

0836

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

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

Tel: 478192

3KIS/lg

10 October 1945

Ref. AC/5201/2/Imp/Commerce

SUBJECT: Importation of Phosphate Rock from Tunisia

TO : Ministero Industria e Commercio
Dir.Gen.Commercio Estero
Serv.Trattati - Div.II

1. Receipt is acknowledged of your letter 22605 dated 5 Oct., in which you advise us that your Government has agreed to sell 100.000 tons of pyrites and 11,068 kilos of bergamot oil to the French, in exchange for which you will receive a correspondingly valued quantity of phosphate rock from French North Africa.

2. This HQ is now awaiting :

a) Confirmation by the French that loading of phosphate rock has been authorized.

b) Shipping bid for pyrites. This is in course of preparation by the French Commercial Attaché.

3. The shipping programme can not be implemented until the confirmation, mentioned in 2 (a) above, is received. However all details regarding tonnages and ports of entry have been agreed and the programme is ready to pass to the shipping authorities without delay.

2349

Copy to: Office of the Chief Commissioner
" " the Executive Commissioner
Economic Section
Industry S/C
Transportation S/C

W.E.SCOTTEN,
Major, M.I.S.
Acting Director
Commerce Subcommission

0837

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

HQUARTERS ALLIED COMMISSION
APO 394
Economic Section

Tel. 478192

Ref. : AC/31301/2/Imp/Commerce

4 October 1945

SUBJECT : Italian Economic Negotiations with France

TO : Ministero degli Affari Esteri
Dir. Gen. A.E. - Uff. II - Rome

1. Reference is made to your memorandum No. 6/3654/1635 dated 20 September 1945 on the above subject.

2. The importance of ensuring regular supplies of phosphate rock to Italy is thoroughly appreciated by this Headquarters. Every effort is being made to bring about an agreement whereby the early resumption of shipments can be effected.

3. The present deadlock is due to disagreement between your Government and the French on the price of pyrites. The French have offered to buy 100,000 tons of Italian pyrites at a provisional price of 800 lire per ton, while agreeing that this price is subject to revision following adjudication on price by Washington. In return they are prepared to authorize the immediate shipment of phosphate rock, priced at 900 lire per ton, to an amount equal in value to the 100,000 tons of pyrites, priced at 800 lire per ton or such price as may be decided subsequently.

4. This offer is unacceptable to the Italian Government since the Treasury are unable to agree to subsidise the export of pyrites at 800 lire per ton.

5. Further negotiations are now in progress to ascertain whether the French are prepared to sell phosphate rock for American dollars which your Government has requested the American Treasury to make available for the purpose. The outcome of the present discussion between your Government and the French is still awaited.

6. Meanwhile, this Headquarters will continue the close, daily liaison which it has maintained hitherto between the Italian Ministry of Industry and Commerce and the French Commercial Attache.

(sgd) E. B. McKinley

E. B. McKINLEY
Brigadier General, USA
Acting Vice President

23 + 8 cc: Office of Chief Commissioner
Office of Executive Commissioner
Commerce Sub-Commission
Ministry of Industry and Commerce

H3

0858

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

CROSS REFERENCE SHEET

AFHQ "SACMED's POLITICAL CONFERENCES, MINUTES

SAC (45) 6th Meeting 27 September 1945

Para 4

USE OF NORTH EST ITALI.... ORTS FOR TRAFFIC TO SWITZERLAND

(Ref SAC (45)5th Meeting - Minute 6)

DOCUMENT FILED IN 1002-1/CC

0839

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

FOR ACTION AGWAR FOR CCS FOR CCAC RPTD UK BASE SECTION LONDON FOR CABINET SECRETARIAT RPTD AFHQ FOR FHCEG RPTD TROOPERS FOR MRT

5847 22 SEPT. 45 ROUTINE

THIS IS MCC THREE ZERO SIX PD

SUBJECT IS ALLOCATION TO ITALY ROCK PHOSPHATE PD

PAREN TO FOR ACTION AGWAR FOR CCS FOR CCAC RPTD UK BASE SECTION LONDON FOR CABINET SECRETARIAT RPTD AFHQ FOR FHCEG FROM HQ ALCOM CITE ACCCS RPTD TROOPERS FOR MRT PAREN

PARA ONE PD MCC TWO-NINE EIGHT REPEATS PD

PARA TWO PD ALCOM HAVE SUGGESTED TO BRITISH AND AMERICAN EMBASSIES ROME THAT EMERGENCY ECONOMIC COMMITTEE FOR EUROPE MAY BE ABLE TO ASSIST IN ACHIEVING AGREEMENT BETWEEN FRENCH AND ITALIANS ON PYRITES VALUE IN RELATION TO PHOSPHATE PD

PARA THREE PD URGENTLY REQUEST EARLY ADVICE ON PARA SEVEN OF MCC TWO NINE EIGHT

Copy to: Chief Commissioner
Executive Commissioner
Economic Section

COMMERCE S/C

2346

478192

(Maj. C.K.I. HAUL)

NICHOLAS PISCHINO
CWO, USA,
Asst. Adjutant

0840

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

Ministero degli Affari Esteri

URGENT

6/2424/1625

TRANSLATION FOR THE ALLIED COMMISSION

Subject: Economic negotiations with France.

1.- According to the authorization granted by Admiral Ellery . stone last July, the Italian Government started negotiations with the French Embassy to import into Italy 300.000 tons of phosphates against the export to France of 120.000 tons of pyrites and some quantities of mercury, sulphur or essence of bergamot.

The balance between the value of said imports and exports should be settled by using Italian credits to-ards France, as existing in the "memorandum account".

2.- At the end of the month of July 1945, the French Embassy notified that the prices of Italian pyrites and mercury were considerably higher than the prices on the other markets.

3.- At the beginning of September, after long negotiations, Italian Government notified the French Embassy that apart from the question of prices they would be ready to authorize the delivery of pyrites to France even if the import of phosphates into Italy would not take place at the same moment.

It was also communicated that the Italian Government were ready to authorize the delivery of 11.667 tons. of essence of bergamot at a convenient price and 4.000 bottles of mercury at the price of $250(as compared with the present quotation of $250).

4.- It appears obvious from the above that Italian Government have done everything possible to meet French requests, in consideration of the high interest that the importing of phosphates has for Italy.

2345

5.- With regard to the question of supplies of phosphates to Italy we beg to enclose herewith translation of a memorandum sent to the Ministry for Foreign Affairs by the "MONTECATINI" Company, illustrating the serious situation which has arisen owing to the fact that the arrival of the promised quantities of phosphates for the months of July and August has not taken place.

HOW

Rome, September 20th.1945.

Enc encl.

4 C 47 C 1

0841

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

"MONTECATINI"

Rome, September 3, 1945

Subj: REPORT OF PHOSPHATES.

We beg to draw your attention on the very serious situation we are facing, owing to the fact that foreseen supplies of mineral phosphates from Tunisia, destined to our plants for the production of chemical fertilizers for agriculture, have not arrived.

The program of the A.C. for the months of July and August did not become effective, not even partially, and after the quantity of 100.000 tons sent by France according to provisions of A.C., the second semester 1944 and the first semester 1945, no more deliveries have taken place.

The plants of our Company in Central and Southern Italy already in operation have a potential production of 317.000 quintals of super-phosphates per month, and after completion of the works already started and announced prerequisitions such figure may reach by the end of the year 367.000 tons monthly.

In August, we have been compelled to operate on the basis of 80% of our potential capacity only, and during the present month the reduction has reached 50%, in order to prolong as long as possible the total utilization of our stocks, which have already reached a minimum level.

Yet with standing such drastic measures, unless we receive new supplies all of our plants will cease operation between the end of September and the middle of October.

It is therefore absolutely necessary that new deliveries of phosphate take in the immediate future, in order to avoid the very serious damages connected with a general close-up of our plants.

We shall be grateful if you kindly will take steps.

0842

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

"CONFIDENTIAL"

Rome, September 5, 1945

Sub.: REPORT OF ANCIRAFER.

We beg to draw your attention on the very serious situation we are facing, owing to the fact that foreseen supplies of mineral phosphates from Tunisia, destined to our plants for the production of chemical fertilizers for agriculture, have not arrived.

The programs of the A.C. for the months of July and August did not become effective, not even partially, and after the quantity of 100.000 tons sent by France according to provisions of A.C., the second semester 1944 and the first semester 1945, no more deliveries have taken place.

The plants of our Company in Central and Southern Italy already in operation have a potential production of 317.000 quintals of super-phosphates per month, and after completion of the works already started and announced dereguisitions such figure may reach by the end of the year 367.000 tons monthly.

In August, we have been compelled to operate on the basis of 80% of our potential capacity only, and during the present month the reduction has reached 50%, in order to prolong as long as possible the total utilization of our stocks, which have already reached a minimum level.

Not with standing such drastic measures, unless we receive new supplies all of our plants will cease operation between the end of September and the middle of October.

It is therefore absolutely necessary that new deliveries of phosphate take in the immediate future, in order to avoid the very serious damages connected with a general close-up of our plants.

We shall be grateful if you kindly will take steps.

0843

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

CA Prime

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

18 September 1945

My dear Mr. Minister,

I am replying to your letter of 6 September which was addressed to Admiral Ellery W. Stone.

Because of the urgent need for certain Swiss products and especially fuelwood in Milan Province and in view of existing large surpluses of fruit and vegetables which were likely to perish if urgent action was not taken, Commerce Sub-Commission got in contact with the Ministry of Industry and Commerce who agreed to the export to Switzerland of fresh fruit and vegetables against import of fuel wood, cattelstock, tools, agricultural machines and medicinal products.

Subsequently, it developed that the Swiss farmers were extremely anxious to resume normal purchases of hay in Northern Italy, and the inclusion of a small amount of hay in the items to be exported from Italy was reported to be essential to the conclusion of the transaction which would make available some 15,000 tons of firewood for the city of Milan.

As it was foreseen that in the course of negotiations, problems might arise which would require advice or approval from an Italian Government official, two such officials were authorized by Istituto Commercio Estero to proceed north to act as liaison with the AMG officers.

If you will consult the Ministry of Industry and Commerce and the Ministry of Agriculture, I think you will find that every precaution was taken to avoid the export of any materials, without previous agreement with the Italian Government.

CC: Economic Section (2)
Chief Commissioner
Executive Commissioner
Agriculture S/C

Very truly yours,

(sgd) E B. McKinley

E. B. McKINLEY
Brigadier General, USA
Acting Vice-President
Economic Section

2343

Dott. ALCIDE DE GASPERI
Minister of Foreign Affairs
Italian Government
Rome

0844

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

467/30/m 3

17 September 1945

My dear Mr. Prime Minister,

With regard to the question of Swiss import and export trade.

In view of the fact that the Port of Genoa is already being handed over to the Italian Authorities, it is considered that the import and export of Swiss Cargoes through the Ports of Genoa and Savona should now be the subject of agreement between your Government and the Swiss Government.

It is the considered opinion that the Ports of Genoa and Savona can handle the tonnages which it is proposed to pass through the two Ports on Swiss account.

Tonnages through both Ports are estimated as follows:

Imports	-	3000 tons daily.
Exports	-	100-200 tons daily.

These figures may fluctuate slightly but are based on a fair estimate of requirements.

It is a matter for your Government in conjunction with the Swiss Government and the Allied Shipping Authorities to consider the allocation of berths or a specified monthly tonnage, subject to Allied Military requirements. The question of transit accommodation at the Ports is also a matter for agreement between the Swiss representative at the Ports and the Allied and Italian Port Authorities.

So far as the movement by rail of stores to and from Switzerland is concerned, it will not be possible at present to allocate the Swiss any Italian wagons, but it has been agreed by the Swiss Government to supply 200 Kg/wagon of coal for wagon movement in both directions over steam operated lines in Italy. These points should be made clear in any negotiations or agreements made between your Government and the Swiss Government.

It is understood that the first shipment of grain for Switzerland is expected shortly at Genoa. For necessary clearance the Italian Ministry of

2342

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

Marine has been informed, and the arrangements to deal with the cargo have been made between the Italian Port Authorities and the Swiss representative at Genoa.

In order that there should be no difficulty regarding the future Swiss import an export programme, in so far as transportation is concerned, I should be grateful if you could let me know the detailed arrangements that are being concluded between your Government and the Swiss Government.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

Professor Ferruccio Parri,
President of the Council of Ministers,
Italian Government,
R o m e.

10-1

(39)

0846

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

FOR ACTION AGWAR FOR CCS FOR CCAC RPTD UK BASE SECTION LONDON FOR CABINET SECRETARIAT RPTD AFHQ FOR FHGEG RPTD TROOPERS FOR MWT

5499 15 SEPT 45 ROUTINE

CONFIDENTIAL PD

THIS IS MOC TWO NINE EIGHT PD

SUBJECT IS ALLOCATION TO ITALY ROCK PHOSPHATE FOR YEAR JULY FOUR FIVE JUNE FOUR SIX PD

PAREN TO FOR ACTION AGWAR FOR CCS FOR CCAC RPTD UK BASE SECTION LONDON FOR CABINET SECRETARIAT RPTD AFHQ FOR FHGEG FROM HQ AICOM CITE ACCCE RPTD TROOPERS FOR MWT PAREN

PARA ONE PD NO SHIPMENTS HAVE YET BEEN MADE OUT OF THE FIVE ZERO ZERO ZERO ZERO ZERO TONS ALLOCATED BECAUSE ITALIANS AND FRENCH ARE UNABLE TO AGREE ABOUT PRICE OF INITIAL COUNTER EXPORT ONE ZERO ZERO ZERO ZERO ZERO TONS PYRITES PD

PARA TWO PD LOSS OF JULY CBA AUGUST AND PROBABLY SEPTEMBER SHIPMENTS WILL VERY SERIOUSLY AFFECT ITALIAN FOOD PRODUCTION PD

PARA THREE PD ITALIAN AND FRENCH REPRESENTATIVES IN ROME RECENTLY AGREED AS FOLLOWS CLN PAREN ABLE PAREN THAT THE ITALIAN GOVERNMENT WOULD ISSUE INSTRUCTIONS FOR SHIPMENT OF UP TO ONE ZERO ZERO ZERO ZERO ZERO TONS PIRITES WHEN SHIPPING WAS MADE AVAILABLE PAREN BAKER PAREN THAT THE FRENCH REPRESENTATIVES WOULD OBTAIN INSTRUCTIONS FROM PARIS TO AUTHORIZE IMMEDIATE SHIPMENT OF PHOSPHATE PAREN CHARLIE PAREN THAT DETAILS OF PRICE WOULD BE AGREED LATER PD

PARA FOUR PD THE ITALIAN GOVERNMENT HAVE FULFILLED THEIR PART OF THE AGREEMENT BUT FRENCH AUTHORITIES IN PARIS HAVE REFUSED TO GIVE AUTHORITY FOR PHOSPHATE SHIPMENT TO COMMENCE PD

2341

0847

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PARA FIVE PD UNITED STATES EMBASSY PARIS HAVE BEEN ASKED BY FRENCH TO USE THEIR GOOD OFFICES TO BRING ABOUT AGREEMENT AND IT IS UNDERSTOOD THAT THEY HAVE NOTIFIED STATE DEPARTMENT OF THE SITUATION PD

PARA SIX PD ITALIAN ACCEPT FRENCH PRICE OF PHOSPHATE BUT ITALIAN PRICE OF PYRITES IS NOT ACCEPTABLE TO FRENCH PD

PARA SEVEN PD MAY ACTION BE TAKEN BY YOU TO START SHIPMENT OF PHOSPHATES FROM TUNISIA OR OTHER SOURCES OF SUPPLY. PD

Copy to Economic Section

COMMERCE S/C

478192

(Maj. Green)

NICHOLAS PIOMBINO
CWO, USA
Asst. Adjutant

Distribution:

Food S/C
Agriculture S/C
Colonel Walton
General McKinley
Colonel Densmore
Finance S/C
Industry S/C

2340

0848

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

SEP 14 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

LDD/sc

Tel: 267

13 Sept. 1945

Ref: E3/21.08
X-20.09

SUBJECT: Barter Trade Switzerland/Italy.

TO : Supply Division

1. You have received, for action, letter from Il Ministro digli Affari Esteri to Admiral Stone, dated 6 September 1945, relative to AMG Officers from Northern Italy who recently went to Switzerland and proposed to the Swiss Government the matter of barter between Switzerland and Italy.

2. In addition to having sent the original letter to this section for preparation of answer for signature of the Chief Commissioner, we are now in receipt of a note from Admiral Stone attached to a copy of the letter, such note stating: "Is this true? E.W.S."

3. Will you please expedite final action of the original letter through my office in order that I may be able to answer the Admiral?

(sgd) E B. McKinley

E. B. McKINLEY
Brigadier General, USA
Acting Vice President

cc: Chief Commissioner

2339

(Copy returned to cc files)

0849

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

RESTRICTED

893

SEPT 111000

AMG LIGURIA REGION

HQ AIRCOM FOR ACCCE

F/7246

SEPT 111145

ROUTINE

RESTRICTED.

Subject is trade with SWITZERLAND. Your letter AG/5127/3/COMMERCE of 30 August refers. Complaints being received that commercial correspondence cannot be despatched to SWITZERLAND from ITALY. Your instructions cannot be implemented. Request you obtain clarification from Finance and Communication Sub Commission. End signed ILOYS for STEPHENS.

DIST

ACTION COMMERCE SC
INFO CHIEF COMMISSIONER
LIAISON SEC 2
FILE 2
FLOAT

2330

27

RESTRICTED

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

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref. 21.08/ES /0 September 1945

SUBJECT: Agreement Between Italy and Switzerland

TO : Sir Richard Nosworthy
British Embassy, Rome

Reference your 708/23/45 CD of 16 August 1945 to Brigadier Grafftey-Smith.

Thank you very much for transmitting to this Headquarters the text of the Bern cablegram on the current Swiss-Italian trade agreement.

Your attention is invited to the fifth paragraph of the quoted text which gives the impression that the Allied Commission is responsible for delay in the approval of certain items of Italian exports.

This is contrary to the actual situation since Allied Commission is not causing delays as stated. Releases of such items as those mentioned for export are dependent upon Washington authority. When authority is received to release a restricted item, Allied Commission acts immediately. The cause for delay, in these instances, can be attributed to the failure of the Italian Government agency, Istituto Commercio Estero, to inform Allied Commission fully enough to warrant consideration or reconsideration of these items in Washington.

Thank you again for having made this cablegram available.

(Signed)
CHARLES W. WILSON
E. B. McKINLEY
Brigadier General, USA
Acting Vice President

Copy to:
Chief Commissioner
Executive Commissioner
Finance S/C
Transportation S/C

2337

CWW:lrw

0851

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

Col Donovan

To This

Time?

Yes

0852

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

SEP 10 REC'D
CC 1545
CC FILES

COPY

Il Ministro degli Affari Esteri

Roma, 6 settembre 1945

Dear Admiral,

I beg to draw your attention on the following:

I have been informed that some allied officers belonging to Northern Italy AMG went recently to Switzerland and proposed to the Swiss Government agree on some barters between Switzerland and Italy.

Among the Italian commodities which were offered to Switzerland, some, e.g., hay, are absolutely necessary for home consumption.

You will no doubt realize that, if such negotiations take place without any previous agreement with the Italian Government offices our national economy might be seriously affected both from the point of view of our essential supplies and of the proper working of the economic agreements which have been recently concluded at Bern, and should shortly come into operation.

In fact these barters, if they take place, would imply the export of Italian commodities which are absolutely necessary to our domestic needs or, at least, would allow the export of commodities which could be used as a mean of exchange in order to obtain from Switzerland those goods which are necessary to our reconstruction.

I beg to draw your attention on the above mentioned facts trusting that in view of their importance you will take the necessary steps so that in future all commercial dealings of this nature might be avoided.

Yours sincerely,

(SIGNATURE)

Admiral Ellery W. STONE
Head Commissioner AC
ROME

2335

(1)

EC LIST - 10 SEP 45

ACTION: ECON SEC (2)
INFO: CHIEF COMMC
EXEC COMMC

0 8 5 4

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

CROSS REFERENCE SHEET

SAC (45) 5th Meeting 6 September 1945

SACMED'S CONFERENCE, MINUTES

Para 6: USE OF NORTHWEST ITALIAN PORTS FOR TRAFFIC TO SWITZERLAND

Ref SAC (45) 4th Meeting, Minute 10

DOCUMENT FILED IN 1001-1/CC

2334

3(a)

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SEP 7 AM 8

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUB-COMMISSION
Foreign Trade Division

MAB/rma

6 September 1945

Tel. : 47B192

Ref. : AC/S303/Cy/Imp/Commerce

SUBJECT: Italian owned Goods in Germany and Austria

TO : Headquarters Allied Military Government - Venezia Region
(Att'n Regional Industry Officer)

1. Reference is made to your letter R.VII/IND/515, dated 27 August, in which you request information regarding the movement of material from Germany or Austria into Italy, and to which you attached a specific enquiry about a Hill connection, ordered by RAPPRESENTANZE INDUSTRIALI UNITE MILANO from the Hulfel Ironworks and for which part payment was made in 1944.

2. At this stage, no facilities exist for the recovery of privately owned goods from either Germany or Austria. In a letter dated 30 August, written by C-5, AFHQ, in reply to an inquiry similar to the above, it was stated that it was not considered practicable to forward private commercial inquiries through official Allied channels and that matters of this kind should be taken up by the Italian nationals concerned with the Italian Government. This particular letter referred only to Germany.

3. However, since it may be expected that there will be further cases of goods due to Italian firms from German or Austrian concerns, this Headquarters is endeavoring to obtain some directive on the procedure to be followed in such cases. The fact that Italian firms may be referred to their own Government will not solve the problem of recovering the goods, neither will it prevent inquiries being forwarded ultimately to AC or AMG by the Italian Government, instead of by private concerns, at least until such time as the Italian Government is authorized to communicate directly with the Allied authorities in Germany and Austria.

4. In the event of a directive being received, you will be notified accordingly.

By Command of Rear Admiral Stone:

W. E. SOOTER
Major, M.I.S.
Acting Director
Commerce Sub-Commission

CC: Economic Section
Industry S/C
Office of the Regr. of Chief Commis.
Milano Office
HQ AMG Lombardia
" " Liguria
" " Piemonte

2333

0855

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

ABA/el

Ext 451

1 September 1945

Ref: 5831/13/KO

SUBJECT: Amplification of Para's 4 and 5 of Attached Agreement between Italy and Switzerland

TO : Economic Section (Attention: Colonel Charles W. Walton)

1. Reference is made to your memorandum of 25 August addressed to the Chief Commissioner, subject as above.

2. The Chief Commissioner has examined the letter from the British Embassy (addressed to Brigadier Crafter-Smith) in which Sir Noeworthy quotes a telegram from the British Embassy at Berne. The Chief Commissioner directs that "Noeworthy," using his own words, "should be straightened out as per para 3 of your letter."

3. It would be appreciated if you would take the necessary action in this matter.

Chief Staff Officer
To Executive Commissioner

2332

0856

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

29 August 1945

My dear Mr. Prime Minister:

I thank you for your letter of 21 August 1945 in regard to the question of the supply of phosphates from North African to Italy. As you will have already learned from my letter of 16 August, this is a subject with which I have been very much preoccupied.

I was, therefore, more than pleased to receive your letter of 23 August and to learn that an agreement has been reached between your government and the French Delegation by which your government has already instructed the Montecatini Company to be ready to load the 100,000 tons of pyrites allotted to France and that authority will be given to start loading and transport of the phosphates from North Africa, as soon as shipping is available.

I very much regret that it is not within the terms of my authority to issue direct orders for the loading of the phosphates in Tunisian harbors, for Italy, but you may rest assured that all the help that lies within the power of this Commission will be given to facilitate the question of transport both of the phosphates and the pyrites.

Yours very truly,

KILEEY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to:
- Executive Commissioner's Office
- Economic Section
- Finance S/C
- Transportation S/C
- Commerce S/C
- Industry S/C

Professor Ferruccio PARRI
President of the Council of Ministers
Italian Government
Rome

2331

0857

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

AUG 28 1945
CC FILES

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

LDD/sc

Tel: 267

28 August 1945

Ref: 21.08/ES

SUBJECT: Italian/Switzerland Trade Agreement

TO : Executive Commissioner

1. For information.

2. Attached are:

a) Copy of letter dated 16 Aug 45 ref. 708/23/45 CD British Embassy Rome (Hosworthy) to Finance Sub-Commission.

b) Comments of Supply Division, Economic Section, dated 25 Aug 45 with respect to telegram received from the British Embassy at Berne.

3. Copy of reference 2(a) above was sent to G-5 Section (Financial Adviser) AFHQ for information 18 Aug 45.

FOR THE ACTING VICE PRESIDENT:

L. D. DENSMORE
Colonel, FA
Chief Staff Officer

2 Incls:
a) and b) above

cc: British Embassy (Hosworthy)
American Embassy (Livengood)

2334

Return To :

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

MEMORANDUM: 25 August 1945

SUBJECT : Amplification of Para's 4 and 5 of Attached Agreement between Italy and Switzerland

To : Chief Commissioner

1. Attention is invited to the attached letter from the British Embassy, Rome, to Brigadier Grafftey-Smith, AC, in which Sir Noswerthy quotes a telegram Bern.

2. The Transportation S/C amplifies quoted para 4 to state that its files are current on this development, that the total volume of freight shipments contemplated by the agreement have not yet been ascertained; that potential port facilities are now under study; that rolling stock furnished by the Swiss Government will be necessary to effectuate the proposed transfer of goods.

3. The AC is <u>not</u> causing delays as stated in the 5th para. Releases of such items as those mentioned for export are dependent upon Washington authority. When authority is received to release a restricted item, the Commerce S/C acts immediately. The cause for delay, in these instances can be attributed to the failure of the Italian government agency, Istituto Commercio Estero, to inform AC fully enough to warrant consideration or reconsideration of these items in Washington.

CHARLES N. HALTON
Colonel, USA
Chief, Supply Division

Declassified E.O. 12356 Section 3.3/NND No. 735015

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CHARLES W. WALTON
Colonel, USA
Chief, Supply Division

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√ 4 See 34

I.C.O. 4122

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

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Declassified E.O. 12356 Section 3.3/NND No. 735015

Translation

CC 1103 Reg. 95

The President of the Council of Ministers

588

Rome, 23 August 1945

Dear Admiral,

to complete what I wrote to you on the 21st regarding the supply of mineral phosphates, and in relation with your letter n. 655/102/th of August 16th, I want to add what follows:

1 - Ever since it knew that the Combined Board had allotted 500.000 tons of phosphates to Italy, the Italian Government did all it could to come to an agr eement with the commercial Delegation of the French Embassy in Rome, to balance the import of phosphates in I aly with the export of goods useful to French economy (pyrites, sulphur, mercury, extract of 'bergamotto', seeds, pumice stone, 'sommacco', etc).

It hasn't been able to reach this end rapidly, no through ill-will, for the Italian side showed its good will in every possibl way, but because of some technical difficulties; the French Delegation is waiting for orders from its Government to solve them.

2. - In any case, not to delay the program of transport prepared by the Services of the Allied Commission, it has been decided, in agreement with the French Delegation, to authorize at once the loading and transport of the phosphates from North frica as well as of the Italian pyrites, while deciding that the negotiations for a definitive agreement would be actively carried on.

3. - For its part, the Italian Government has already ordered the Montecatini Co. that supplies pyrites, to be ready to load at Follonica - Portiglioni the 100.000 tons allotted to France, to assure the quickest possible delivery and make the best possible use of the shipping which will be available for this end.

4. - I hope that this mutual pledge will be considered satisfactory by the Allied Commission for the ends it aims at, and I beg you, my dear Admiral, kindly to issue orders for the loading and transport of the phosphates to be carried out as fast as possible, to make up for the time that has been wasted, in the interest of Italian agriculture which urgently requires phosphate fertilizers.

Believe me,

Yours very truly,

s. Ferruccio Parri

2328

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

trans. e/c

reg u. 88

Translation

The President of the Council of Ministers

n. 988 Rome, 21 August 1946

Dear Admiral,

I deem it necessary to draw your attention on the question concerning the import of Tunisian phosphates in Italy.

As you well know, the Combined Board of Washington, on the proposal of the Allied Commission, allotted Italy for the year 1st July 1945 - 30th June 1946, 500.000 tons of phosphates, leaving the Italian Government to make direct arrangements with the French Government for the payment of the goods.

The Italian side expressed several times to the French Commercial Delegation in Rome the wish to reach as soon as possible an agreement on the price of the phosphates as well as on the counterpart offered in compensation (pyrites, sulphur, mercury, extract of 'bergamotto', seeds, pumice stone, 'sommacco', etc)

However, up to now, in spite of our goodwill and that of the said delegation, for technical reasons, and for price reasons, it hasn't yet been possible to come to an agreement, and as the shipping of the phosphates depended on the reaching of this agreement, a very serious prejudice is being caused to our agriculture, for the carrying out of the program for the production of phosphate fertilizers has been delayed for about two months, already.

To avoid a longer delay, and a prejudice to the agricultural economy of the country which might become irreparable, I appeal to your kind courtesy, and ask you to issue order for the immediate loading of the phosphates in the Tunisian harbours, and their delivery according to the transport program already drafted by the Allied Commission, even if a formal Italo-French agreement has not yet been reached. I assure you that we shall do everything to overcome the technical difficulties which I mentioned and that every effort shall be made to have the payment of the phosphates settled without delay by means of the exporting of our products to reach an agreement as soon as possible.

Will you kindly let me know your answer.

Believe me,

Yours very truly,

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

of the phosphates as well as on the counterpart offered in compensation (pyrites, sulphur, mercury, extract of 'bergamotto', seeds, pumice stone, 'somacco', etc)

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Will you kindly let me know your answer.

Believe me,

Yours very truly,

s. Perruccio Parri

2327

See (32)

E & D INT-22 Aug 44

ACTION - Emb Caito
INFO - Ex Paris
CinCMed

AdmiralEllery W. Stone
Chief Commissioner
Allied Commission
Rome

trans. e/c

(31)

Notified CC

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

0863

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

655/103/Tn 3

21 August 1945

Dear Mr. Ambassador:

I am seriously concerned by the fact that up to the present your Government has not yet reached an agreement with the Italian Government on the import of phosphate rock from North Africa and the export of Italian products to France during the year July 1945 to June 1946.

As you may well understand, this delay is gravely prejudicing the shipping position in the Mediterranean. The demands on the available shipping are so considerable, and the quantities involved in your negotiations are so great, that it is essential that a definite program be prepared.

It will be clear to you that such a program cannot be arranged until agreement has been finally reached between your Government and the Italians.

The Allied Shipping Authorities will not be in a position to provide the facilities needed to lift the heavy tonnage involved unless your negotiations can be completed at a very early date.

I need hardly add that any further delay would aggravate an already serious situation and hope therefore for your early advice that agreement has been reached.

I have written in similar terms to the Italian President of the Council of Ministers.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

H.E.
Couve de Murville
French Delegation
ACC.

2326

cc: Commerce Sub-Commission
Industry Sub-Commission

0864

Declassified E.O. 12356 Section 3.3/NND No. 735015

RESTRICTED

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AUG 200940B

F/4733
AUG 211925B
ROUTINE

TROOPERS

AIGOM ROME INFO FREEDOM WASHINGTON FOR OCAC

RESTRICTED

1. SIAC have put in overall bid for July to December for 250000 tons of phosphate rock from NORTH AFRICA to UNA LONDON who will send necessary instructions to Zone 3 Committee of UNA to arrange shipments on this basis.

2. Pending further instructions please put in monthly bid to zone 3 Committee on above basis.

Dist

Action - Requisition Div 7
Info - Chief Commissioner
Econ Sect
Commerce 80
File 2
Float

2325

RESTRICTED

-itish Embassy,
CME

16 August 1945

706/23/45 CD

TO : Brigadier A. P. Grefftey-Smith,
Director, Finance Sub-Commission,
Allied Commission, Rome.

FROM : Sir Richard L. Nosworthy,
British Embassy, Rome

SUBJECT : Agreement between Italy and Switzerland

You will be interested to see the following text of a telegram received from the British Embassy at Berne:

"Di Nola has concluded his negotiations and agreement with the Swiss will be signed August 10th of 11th.

Swiss Government will make loan to Italy of Swiss francs 80 million to be used exclusively for purchases in Switzerland. Interest will be at the rate of 1 1/2 % for the first 3 years and 3 1/2 % thereafter. Amortization will be spread over 7 years, beginning after the first 3 year period, i.e. over 10 years in all. Di Nola considers this arrangement satisfactory and has advised that no such advantageous terms could be obtained from Swiss private banks.

Outstanding debt of 50 million and debts on clearing and railway accounts as well as debt of 130 million in respect of military supplies (making total of 370 million) have been consolidated and interest payable will be also at 1 1/2 %. Capital will be paid off by earmarking 15% of the value of Italian exports to Switzerland.

Swiss, however, are expected to make prompt and practical application of agreement dependent on their securing transport facilities for their own trade. (Allocation of space (even only one or two quays) at Genoa or Savona for Swiss ships and goods and early repair of North Italian railway network would be of great service in evaluating application of agreement.

Another cause of delay is that Allied Control Commission has not yet approved certain items of Italian exports such as hemp, citric acid and tartaric acid (details of which will be reported later). Swiss have also pointed out that they cannot accept Italian exports of products on reserved commodities list, e.g., pyrites, where they have already taken up their quota from other sources unless Italian exports can be allowed as additional to R.C.L. quotas arranged under Curris agreement of March 8th.

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

used exclusively for purchases in Switzerland. Interest will be at the rate of 1 1/2 % for the first 3 years and 3 1/2 % thereafter. Amortization will be spread over 7 years, beginning after the first 3 year period, i.e. over 10 years in all. Di Nola considers this arrangement satisfactory and has advised that no such advantageous terms could be obtained from Swiss private banks.

Outstanding debt of 60 million and debts on clearing and railway accounts as well as debt of 150 million in respect of military supplies (making total of 370 million) have been consolidated and interest payable will be also at 1 1/2 %. Capital will be paid off by earmarking 15% of the value of Italian exports to Switzerland.

Swiss, however, are expected to make prompt and practical application of agreement dependent on their securing transport facilities for their own trade. (Allocation of space (even only one or two quays) at Genoa or Savona for Swiss ships and goods and early repair of North Italian railway network would be of great service in evaluating application of agreement.

Another cause of delay is that Allied Control Commission has not yet approved certain items of Italian exports such as hemp, citric acid and tartaric acid (details of which will be reported later). Swiss have also pointed out that they cannot accept Italian exports of products on reserved commodities list, e.g., pyrites, where they have already taken up their quota from other sources unless Italian exports can be allowed as additional to R.C.I. quotas arranged under Currie agreement of March 5th.

In requesting me to recommend sympathetic treatment of matters raised in paras 4 and 5 above, Di Nola has stressed the importance to Italy of smooth and early operation of this agreement, which opens a badly needed and conveniently situated market. Di Nola has maintained a frank and friendly contact with the Commercial Counsellor and I earnestly hope that it may be possible to meet the Italians on these points especially as the agreement is in many respects more generous that one might have expected from the Swiss."

2324

I called on the 14th at the Ministry of Foreign Affairs but Di Nola is not yet back from Switzerland and, in his absence, Grazzi, who is carrying on his work, was unable to give me any further particulars.

A paragraph from "Il Globo" on the 5th August on the subject of these negotiations, said:

"It appears that the problem of valuing our imports and exports has been met, while taking account of the severe controls imposed on prices in the

780

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

used exclusively for purchases in Switzerland. Interest will be at the rate of 1 1/2 % for the first 3 years and 3 1/2 % thereafter. Amortization will be spread over 7 years, beginning after the first 3 year period, i.e. over 10 years in all. Di Nola considers this arrangement satisfactory and has advised that no such advantageous terms could be obtained from Swiss private banks.

Outstanding debt of 60 million and debts on clearing and railway accounts as well as debt of 130 million in respect of military supplies (making total of 370 million) have been consolidated and interest payable will be also at 1 1/2 %. Capital will be paid off by earmarking 18% of the value of Italian exports to Switzerland.

Swiss, however, are expected to make prompt and practical application of agreement dependent on their securing transport facilities for their own trade. (Allocation of space (even only one or two quays) at Genoa or Savona for Swiss ships and goods and early repair of North Italian railway network would be of great service in evaluating application of agreement.

Another cause of delay is that Allied Control Commission has not yet approved certain items of Italian exports such as hemp, citric acid and tartaric acid (details of which will be reported later). Swiss have also pointed out that they cannot accept Italian exports of products on reserved commodities list, e.g., pyrites, where they have already taken up their quota from other sources unless Italian exports can be allowed as additional to R.C.L. quotas arranged under Currie agreement of March 8th.

In requesting me to recommend sympathetic treatment of matters raised in paras 4 and 5 above, Di Nola has stressed the importance to Italy of smooth and early operation of this agreement, which opens a badly needed and conveniently situated market. Di Nola has maintained a frank and friendly contact with the Commercial Counsellor and I earnestly hope that it may be possible to meet the Italians on these points especially as the agreement is in many respects more generous that one might have expected from the Swiss."

2324

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A paragraph from "Il Globo" on the 5th August on the subject of these negotiations, said:

"It appears that the problem of valuing our imports and exports has been met, while taking account of the severe controls imposed on prices in the

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

Swiss Republic. Instead of fixing an official rate of exchange with the Swiss franc, consideration has been given to the creation of a compensation organization which would be responsible both for the determination of the sale price to Italy of products imported from Switzerland and for fixing the sale price to Switzerland of merchandise of Italian origin".

All that Crazzi could tell me about this was that the Swiss had wished to see the office administering the Compensation Funds established in a Swiss city and that the Italians had refused and had carried their point. It is clearly a subject of very high interest to all of us.

(sgd) P. T. Moseworthy

0862

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

(sgd) R. L. Hosworthy

2323

(78)

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

0870

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

Note to
Chief Commissioner's file

655/102/Tn 3

16 August 1945

Dear Professor Parri:

I am seriously disturbed by the the inability of your Government to reach, up to the present, an agreement with the French on the import of phosphate rock from North African and the export of Italian products to France during the year July 1945 to June 1946.

This delay is gravely prejudicing the shipping position in the Mediterranean. The demands on the available shipping are so considerable, and the quantities involved in your negotiations are so great, that it is essential that a definite program be prepared.

It will be clear to you that such a program cannot be arranged until agreement has been finally reached between your Government and the French.

The Allied Shipping Authorities may not be in a position to provide the facilities needed to lift the heavy tonnage involved unless your negotiations can be completed, and your decision communicated to the Allied Commission, not later than 25 August 1945.

I need hardly stress the grave consequences which would result from such a situation, and I now await advice from you that agreement has been reached.

I have written in identical terms to the French Ambassador.

Very truly yours,

30

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Professor Ferruccio Parri
The President of the Council of Ministers
Italian Government
Rome

2322

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

MINISTERO DEGLI AFFARI ESTERI

Rough Translation

no. 14420/32

Rome, August 1st, 1945

Dear Admiral,

I thank you for your letter AC/5127/M/Commerce dated July 24th containing the answer to my letter signalling to you the inconveniences and the delays that the Italian Government had noticed in connection with the present system of preparation and control of economic negotiations with neutral countries.

In fact we have received the authorization to open negotiations with Spain conditioning the possible agreement to a further ratification; and, as regards Switzerland, the approval of the quotas of our exportations has been granted on July 17th and has been received, incomplete, by the Ministry of Foreign Affairs on July 21st, three weeks after that the Italian Delegation had arrived in Bern.

I agree therefore with you that it is timely that a meeting of the representatives of the Italian Government and the competent officials of the Allied Commission be held; I deem it advisable that said meeting should take place when our Delegation will return from Switzerland in order that the matter may be examined taking into consideration the shortcomings shown by the actual application of the present system.

Believe me, dear Admiral, yours sincerely

/Sgd) DE CASTERI

Admiral Ellery W. STONE
Chief Commissioner
Allied Commission
ROME

EC Hist - 3 Aug 45

ACTION: Econ Sec (2)
INFO: Chief Comm
Exec Comm

0872

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

RAG/eeh

Ref. AC/5127/A/Commerce

24 July 1945

My dear Dottore De Gasperi,

I refer to your letter of the 14 July referring to certain inconveniences in the present system of commercial negotiations.

I understand that most of the points you raise have already been discussed and settled between appropriate Ministries of the Italian Government and Subcommissions of Economic Section, Allied Commission. With special reference to the financial question of Spain, I refer you to letter to your Ministry from Brigadier Crafftey-Smith, Finance Subcommission, dated 14 July.

It is believed that the inconveniences you mention are due to a great extent to insufficient understanding of special formalities which are required to be observed before arrangements are made with other countries for exportation of goods from Italy and which have been fully explained in letters from Economic Section, Allied Commission, to the Ministry of Industry and Commerce.

If there still remain matters which are not clear to you, I think that the best plan would be for representatives of your Ministry and the Ministry of Industry and Commerce to discuss them with representatives of Economic Section, Allied Commission.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dottore Alcide De Gasperi
Ministry for Foreign Affairs
The Italian Government
Rome

2320

cc: Exec. Commissioner
Economic Section

0873

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

ALLIED [redacted] COMMISSION

INTER-OFFICE MEMORANDUM

FILE No. 21.03

SUBJECT: Parri Statement - Foreign Trade

JUL 19 1945 194

TO : Stewart Brown, P.R.C.

In accordance with our telephone conversation, I am forwarding the note of the CC pertaining to the Parri statement.

There are numerous restrictions on Foreign Trade which would seem to give some justice to the Parri statement. Most of these restrictions are imposed by higher Headquarters.

The unfairness of the statement is that standing by itself, it does not convey the off-setting benefits which the Italian economy receives through AC supplies.

Charles W. Milton
Colonel
Chief, Supply Division

25 2319

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

V.P. Economic Section.

I am directed by the Executive Commissioner to pass the attached paragraph, queried by the Chief Commissioner, to you for action.

P. M. G. Russell.

PA to Ex.Com.

18.7.45.

0875

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

E.C.

Para 2, page 1.
Underlined
clause is not
accurate.
Suggest you
consider wording
Brown & Gen
McK prepare

0876

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

draft release
w/ my review
(Even though
we will probably
not issue it!)

Ellen
cc

16
7

0 8 7 1

HEADQUARTERS ALLIED COMMISSION
APO 394
PUBLIC RELATIONS BRANCH

R8/PRB

July 14, 1945.

Daily Digest of Rome Press.

GENERAL

1. Meeting at the A.C. for the economic fusion between Northern and Southern Italy. Parri, Admiral Stone, Ruini, Gronchi, Solari, Scoccimarro, Molè, La Malfa, Gullo, Barbareschi, Pesenti, the five regional Commissioners of the A.M.G., the Chief of the Economic sub-commission of the A.C., Gen. McKinley and some undersec. were present. Admiral Stone made the opening speech, inviting all those present to discuss realistically the problems fixed in the order of the day. Parri then answered in a few words. Then discussions began on economic policy, prices, continuation, after the 31st of July, of assistance to the north, prices of bread and wheat and exchange of products between the North and the South. Plans for employing the unemployed in public works, are ready, but they foresee an expense of several billion lire, and to put them into practice it is necessary to overcome the difficulties caused by shortage of means of transport and of working tools and machinery. As concerns the last item of the program under discussion, i.e. exchange of products between the North and the South, it seems, according to ANSA, that manufactured goods will be sent to Central and Southern Italy, while raw materials will be sent to the North.

2. Speaking yesterday to the foreign press Parri stressed the danger of growing unemployment and pointed out that as long as Italy is under Allied control the Italian Govt can take no steps towards economic agreements with other nations. He then spoke about Italy's great contribution to the defeat of Germany. Though Italy has been the cradle of Fascism no country, he said, set up such a strong moral resistance against it, as it appears also from some German documents recently discovered. He then stressed the importance of changing the Italian international status - so that she may be allowed to start working again.

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

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3. Nitti arrived in Rome last night.

2318

4. Antonio Segni, Undersecretary of Agriculture, stated to Orbis that the cost of production of wheat varies, in Italy, from region to region; the political price of bread has been abolished, and has been replaced in certain parts of Italy by a political price of wheat; so that bread is really paid for by those who do not buy it; yesterday by the state, today by the producers; on the other hand this ironic situation cannot be changed, because this would mean having different prices for wheat in the various regions.

5. The Minister of Post and tele-communication visited the provincial direction of Post and Telegraph; he expressed his.

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

satisfaction for the work carried out by his dependents and asked the whole personnel to collaborate with him in rapidly assuring everyone peace and work.

6. Three employees of UNRRA have been arrested in Naples for having granted false permits.

7. The actress Tatiana Pavlova has been released from prison and now lives in a convent. (Venice)

8. The repatriation of "cooperating" prisoners will be followed by that of the non-cooperating ones; fascist elements will be the last, and will be accompanied by all documentation against them.

9. Amendola, Undersecretary at the Presidency, stated that calm was not broken either in Milan nor in Turin, during the recent workers' manifestations.

10. The crowd tried to break into the Palace of Justice, in Milan, while the trial against the five partisans was going on (See yesterday's digest under General No. 17.) According to I.N.S. the Palace is guarded by American armed troops.

11. It seems that the attempt at killing the Bishop of Agrigento, was not due to any political motive.

12. Col. Poletti stated, on his arrival in Rome, that what has been obtained by the workers of Northern Italy is a just recognition of their rights. As for supply of raw materials, he said, Italians must understand that the situation is not easy, in spite of our goodwill.

13. Brigadier McKinley, Acting Vice President of the Economic Section of the A.C., was awarded the legion of merit for the work carried out by him as chief of the fiscal division.

14. Names of the 24 navy officers who have been expelled from the Navy are given.

15. The Rome police have discovered a whole band of delinquents who sold, at frightfully high prices, false partisan

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

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13. Brigadier McKinlay, Acting Vice President of the Economic Section of the A.C., was awarded the legion of merit for the work carried out by him as chief of the fiscal division.

14. Names of the 24 navy officers who have been expelled from the Navy are given.

15. The Rome police have discovered a whole band of delinquents who sold, at frightfully high prices, false partisan cards and false travel permits; they also dealt in black market alcohol.

15. Also workers from the North will be sent to Cayion. (ANSA) [illegible]

16. The Allied military police arrested the president of the Italo-Slovenian C.L.N. of Trieste and the second commander of the town during Yugoslav occupation. (A.P.)

17. According to the "Times" the Holy See will sign an agreement with China - after the war in the far East is over - according to which China will no longer be a missionary territory, but will have a catholic hierarchy.

18. 60 political prisoners have escaped from the Milan prison of San Vittore.

19. The news according to which Italian prisoners were soon to be repatriated, is false. (REUTER from London)

(51)

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

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Declassified E.O. 12356 Section 3.3/NND No. 755015

Translation

State Department
13138

Rome, 14 July 1945

To Admiral Stone - Chief of the Allied Commission

Dear Admiral,

entirely on my own accord, I want to draw your particular attention on the inconveniences of the present system of commercial negotiations.

As you know, we have a Delegation in Bern, which, four months ago, before leaving, presented a plan for the exchange of wares between Italy and Switzerland. This plan had been discussed by Mr. Antolini with the Committee of Ministers; it was the subject of an exchange of letters with the Allied Commission; and during these four months, officials of the competent Service of my Ministry frequently contacted the various offices of the A.C.

In spite of this, the discussions of our Delegation have now come to a standstill, for, for what concerns some products (hemp for instance), the answer from Washington hasn't yet arrived, and for some others (citric acid and other products) the authorization to export has been withdrawn, For other products which we normally export, (almonds) the Food Sub-Commission hasn't yet withdrawn its former objections.

The same thing must be said about financial questions with Spain. You know that we have been encouraged and promised support by the Allied side to arrive at a new settlement of the war debt which Spain owes us. For many reasons, this is a question which should be solved without delay, and about which we know that we can count on the full comprehension of the Allies. The general plan of our financial negotiation has been submitted to the Allied Commission, which only told us it had been forwarded to the 'Combined Chiefs of Staff' for the required approval, this in spite of the urgency of the case.

This will mean a delay of about two months in the departure of our delegates; and if we add the delay for the granting of a pass and for some means of transport for the delegates themselves, it is to be feared that this delay will be even greater.

As you see, my dear Admiral, my Ministry never failed to submit in full details its plans for negotiations to the Allied Commission. But, in spite of all the good-will which I am the first person to acknowledge, of the Organisms of the Commission, the system is so complex and arranged in such a way thatit not only causes prejudicial delays, but also risks to compromise the good result of the negotiations, to our prejudice, and indirectly, also to the prejudice of the Allied Governments.

2317 I therefore trust on your intervention to have some modifications or alleviations studied and made to the system itself. I thank you in advance for all you will, I feel sure, do about this matter.

I remain, my dear Admiral,

Truly yours,
A. De Gasperi

a/a

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Declassified E.O. 12356 Section 3.3/NND No. 755015

EMC/eeh

Ref. AC/5127/F/Commerce

12 July 1945

My dear Mr. Commander,

Your letter of 5 July, No. 628, addressed to Admiral Stone, has been passed to me for action.

I am enclosing copy of a letter, dated 5 July, from which it will be seen that the question of the supply of 100,000 tons of pyrites has already been under consideration. Instructions have now been sent to the Ministry of Industry and Commerce that they should honor orders received from you to the extent of 100,000 tons.

In regard to the question of mercury, this is a matter for free negotiations between your representative and the Italian Government and it is understood that sufficient availability exists to fill the French requirements.

In view of the above, it is assumed that no obstacle now stands in the way of agreement being reached for supply of the 50,000 tons of phosphate rock allocated to Italy.

A request has been passed to the Italians by this Hqs. that prompt steps be taken to satisfy your aforementioned requirements in pyrites and mercury in order that the contract for phosphate rock may be concluded with a minimum of delay. This is important in view of the fact that it has been necessary to set up shipping for the month of August to lift this phosphate rock and wastage of any part of this shipping space should, as you will agree, be avoided at all costs.

Yours very truly,

(s/d) E. B. McKinley

E. B. McKinley
Brigadier General, USA
Acting Vice President,
Economic Section

2316

H. E. Corve de Marville
French Delegation
Rome

Enclosure

cc: Chief Commissioner
Executive Commissioner
Economic Section
Industy S/C (Chemicals Div)
British Embassy
American Embassy
AC/5205/IMP/Commerce

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

COPY

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUBCOMMISSION
Foreign Trade Division

EPD/rwm

Tel. : 245

5 July 1945

Ref. : AC/5203/EDP/Commerce

SUBJECT : Trade with France

TO : The Commercial Counsellor - French Embassy, Rome

1. We refer to paragraphs 3, 4 and 5 of your letter No. 710/1A of 30 June 1945.

2. Pyrites - Your request was for 100,000 tons, and we have instructed the Italian Government to honor your orders up to 50,000 tons pending more definite information as to the amount that would be available as surplus to Italian requirements.

3. We are now instructing them that they are to supply the further 50,000 tons asked for, which will complete your demand for 100,000 tons.

4. Should you require more than this amount, we must refer the matter again to the Combined Boards in Washington, as they are only aware of your original demand for 100,000 tons, and further allocation would have to be considered.

5. Please note however that there is no need to await an offer from the Italian Government before placing with them your order for 100,000 tons pyrites.

6. Mercury - We understood that the 150 tons indicated in your list of requirements was covered by the 150 tons we have supplied to you. If you are requiring a further 150 tons, please negotiate this matter direct with the Italian Government.

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7. Bergamot Oil - Shipment of the balance of the amount which the Italian Government agreed to supply to you has been bid for and we hope to effect delivery shortly.

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

8. Vegetable Seeds, Sumac, etc. - Your requirements have been submitted to the Italian Government, through I.C.E. with whom please negotiate direct.

9. Phosphate Rock - With reference to paragraph 2 of your above mentioned letter, it is desirable that agreement be reached with the Italian Ministry regarding a supply of the phosphate rock, as soon as possible. The reason for this as already explained to you is the question of shipping and the wish expressed by the Ministry of War Transport that they receive an approximate program in order that shipping facilities may be left available in this area.

In this connection it is pointed out that AFHQ have accepted up to 27,770 tons for shipment before the end of August and that shipment can commence at once. It will be appreciated, therefore, if you will do all possible toward arriving at an agreement with the least possible delay in order that shipments may commence.

H.A. GEPT
Major, I.C.
Chief, Foreign Trade Division
Commerce Sub-Commission

cc: Industry S/C - Chemicals Div.
Economic Section

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

JUL 9 RECD
CC/736

Translation

CC

Temporary Government

French Delegation to
the Advisory Council for Italy

n. 628

Rome, 3 July 1945

(20)

Dear Admiral,

In your letter of June 13th, you kindly let me know that you considered there was no longer anything to prevent direct negotiations between France and Italy for the resumption of trade between both countries.

I acknowledge this communication, and I have the honour of confirming that, on its side, the French Government has no objection against beginning such negotiations.

On the other hand, the Foreign Trade Sub-Commission informed our Commercial Advisor that the Combined Boards have already allotted Italy for the period going from July 1st 1945 to June 30th 1946, a contingent of 500.000 tons phosphates. It insisted on the interest there was in promptly concluding the contract relative to this supply, this for shipping reasons.

The question was submitted to the French authorities in Paris, but in this occasion, I draw your attention on similar requests for supplies on the part of Italy, which were made to the French side, especially for 100.000 tons of pyrite and 150 tons of mercury, about which we shall be most happy if decisions can be made by competent authorities.

I remain, my dear Admiral,

Yours sincerely,

s. M. Couve de Murville

EC List - 9 July 45
ACTION: Econ Sec (2)
INFO: Chief Comm
Exec Comm

2313
(22)

Admiral Stone
Chief Commissioner
A.C.

e/a/

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref. AC/5127/A/Commerce
1.12/ES

E/S MEMORANDUM)
NUMBER 13)

HAC/ech.
12 June 1945

FOREIGN TRADE

1. The responsibility of Allied Commission in matters concerning Italy's foreign trade is, in general terms, to ensure the proper execution of such directives on this subject as are given by the Combined Chiefs of Staff.

2. This general responsibility may be further defined as:-

(a) exercising such supervision over Italian exports as is necessary to ensure that policies laid down by the CC/S are observed and that any procurement responsibilities placed upon the Italian Government are carried out.

(b) exercising such supervision over Italian imports as is necessary to ensure that supplies are obtained as far as possible through normal trading with abroad and therefore with as little call as possible on the resources of the Allied Governments.

3. The responsibility will not include:

(a) the procurement of goods for export.

(b) the distribution of imported supplies within Italian Government territory.

4. The execution of these functions will be performed by Foreign Trade Division of Commerce Sub-Commission. This Division will consequently be responsible for co-ordinating all action required of A.C. on foreign trade matters and it will be similarly the responsibility of other Sub-Commissions and Divisions to refer to Foreign Trade Division all matters concerning foreign trade.

5. The requirements of the Italian civil economy which must be obtained from abroad and which cannot be obtained through normal trade channels will continue to be reduced to requisition and channelled through the Requisition Branch. It will

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

carried out.

(b) exercising such supervision over Italian imports as is necessary to ensure that supplies are obtained as far as possible through normal trading with abroad and therefore with as little call as possible on the resources of the Allied Governments.

3. The responsibility will not include:

(a) the procurement of goods for export.

(b) the distribution of imported supplies within Italian Government territory.

4. The execution of these functions will be performed by Foreign Trade Division of Commerce Sub-Commission. This Division will consequently be responsible for co-ordinating all action required of A.C. on foreign trade matters and it will be similarly the responsibility of other Sub-Commissions and Divisions to refer to Foreign Trade Division all matters concerning foreign trade.

5. The requirements of the Italian civil economy which must be obtained from abroad and which cannot be obtained through normal trade channels will continue to be reduced to requisition and channelled through the Requisition Branch. It will, nevertheless, be the responsibility of Sub-Commissions and Divisions interested in the import of particular commodities to ascertain in consultation with the appropriate department of the Italian Government whether such commodities can be obtained through normal trading, prior to submitting a bid for requisition.

2312

Distribution:
All Members of Economic Staff
All Economic Section Sub-Commissions
Chief Commissioner
Executive Commissioner

E. B. McKinley
Brigadier General, USA
Acting Vice President

(1)

Declassified E.O. 12356 Section 3.3/NND No. 759015

0888

Declassified E.O. 12356 Section 3.3/NND No. 735015

Ref: AC/5127/A/Commerce

HAG/eh

13 June 1945

My dear Mr. Ambassador,

I am enclosing copies of correspondence with the Italian Government on the matter of Franco-Italian trade and consider that there is no longer any reason to delay direct negotiations between your Government and the Italian Government with a view to re-establishing trade between the two countries.

Yours very truly,

ELLERY W. STONE

Ellery W. Stone
Rear Admiral, USNR
Chief Commissioner

H. E. Comte de Murville
French Delegation
Rome

APPROVED Harlan Hines
Commerce Subcommission

4 Enclosures

cc: AFHQ, G-5 Section
Mr. Livengood, American Embassy, Rome
Mr. Mossorby, British Embassy, Rome
Chief Commissioner
Executive Commissioner
Economic Section
Finance Subcommission
Ministero degli Affari Esteri
Ministro per l'Industria, per il Commercio e per il Lavoro
French Representative, AC

2311

AC/H/C

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

COPY

MINISTERO DELL'INDUSTRIA, DEL COMMERCIO E DEL LAVORO

Dir. Gen. Commercio Estero
Serv. Trattati - Div. 1

17 Maggio 1945

Prot. N. 1459

All/2

Al Contrammiraglio
Ellery W. STONE
Commissione Alleata
R O M A

OGGETTO : (risp. al F. AC/5127/F/Commercio)

Commercio italo-francese.

Il Presidente del Consiglio mi ha trasmesso la Sua lettera AC/5127/F/Commercio del 20 Aprile u.s., col pro-memoria allegato, per esaminarne il contenuto, che rientra nella competenza del mio Ministero, e per dar corso all'ulteriore discussione della questione relativa al commercio italo-francese con il Vice Presidente della Sezione Economica della Commissione Alleata, come da Lei desiderato.

Nel ringraziare per le cortesi precisazioni che Ella ha voluto fornire con la nota suddetta, a seguito della precedente corrispondenza sulla materia in questione, mi pregio inviarle qui unito un pro-memoria in cui e' esposto il punto di vista italiano circa la questione stessa.

IL MINISTRO (GRONCHI)

2310

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

COPY

Direzione Generale Commercio Estero
Servizio Trattati - Div. I

PRO-MEMORIA

(Rif. promemoria allegato alla lettera AC/5127/2/Commerce)

1, 2, 3, 4, 5, 7 - Da parte italiana si prende atto del rinvio alla nuova "disciplina delle esportazioni", contenuta nella lettera AC/5127/A/Commerce in data 18 Aprile u.s. del Vice Presidente della Sezione Economica della Commissione Alleata, Sig. Antolini, secondo cui molte questioni prospettate nel precedente pro-memoria italiano relativo al commercio estero italo-francese sarebbero chiarite con la suindicata lettera del Sig. Antolini.

Il contenuto di tale lettera e' stato attentamente esaminato da parte italiana per rilevare i riflessi della nuova disciplina sul commercio estero e sull'economia italiana in generale. Le risultanze di tale esame, nonche' i desiderata italiani nei riguardi della nuova disciplina delle esportazioni, particolarmente in vista della nuova situazione determinatasi con la fine della guerra in Europa, hanno formato oggetto di una lettera di S.E. il Ministro per l'Industria, Commercio e Lavoro al Vice Presidente della Sezione Economica della Commissione Alleata, lettera che, ad ogni buon fine, si acclude in copia.

In particolare, si ritiene opportuno richiamare l'attenzione su quanto osservato in merito all'accertamento del surplus esportabile di cui al primo e secondo comma del paragrafo 1, 2 e 3 (marketing) della lettera di S.E. Gronchi qui allegata, circa la discordanza a tale riguardo tra la dichiarazione contenuta nel pro-memoria allegato alla lettera del Contrammiraglio Stone del 20 Aprile e quanto riportato al punto 3) della lettera del Sig. Antolini del 18 Aprile u.s.

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Declassified E.O. 12356 Section 3.3/NND No. 735015

6 - Da parte italiana si prende atto del desiderio espresso dal Governo francese che tutte le trattative con l'Italia siano condotte tramite la Delegazione Francese in Roma, e si conferma di essere pienamente d'accordo su questo principio. E' da rilevare pero' che da parte della Commissione Alleata non si e' precisato se le operazioni commerciali da effettuare in esecuzione degli eventuali accordi tra Governo Italiano e Governo francese possano essere in concreto trattate con ditte private francesi, oppure debbano essere riservate al Governo francese stesso. E' su tale punto che da parte italiana si gradirebbe una precisazione.

8 - Da parte italiana si prende atto della dichiarazione la quale conferma che le osservazioni fatte dalla Commissione Alleata nel pro-memoria del 9 febbraio u.s. non escludono che possa essere stabilito un clearing tra l'Italia e la Francia e che, nel caso, trattasi di questione da discutere tra le competenti Autorita' italiane e le Autorita' francesi.

E' da rilevare infine che nessun accenno e' fatto alle osservazioni italiane contenute al punto 2) del pro-memoria allegato alla lettera di S.E. Bonomi diretta al Contrammiraglio Stone in data 27 marzo u.s., circa la richiesta da parte della Commissione Alleata di essere tenuta informata sui progressi dei negoziati commerciali e di avere dal Governo italiano rapporti periodici sullo stato delle relazioni di commercio e di scambio tra l'Italia e la Francia. A tale riguardo, da parte italiana si confida che la Commissione Alleata abbia tenuto nel giusto conto le osservazioni formulate nel pro-memoria suddetto.

Allegato : 1

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Declassified E.O. 12356 Section 3.3/NND No. 935015

C O P Y

MINISTERO DELL' INDUSTRIA, DEL COMMERCIO E DEL LAVORO

Dir. Gen. Commercio Estero
Serv. Trattati - Div. I

Prot. N. 1742

17 Maggio 1945

Al Sig. A.G. ANTOLINI
Commissione Alleata
Sezione Economica
R o m a

OGGETTO : Disciplina esportazioni.

E' stato attentamente esaminato il contenuto della nota della Commissione Alleata - Sezione Economica - AC/5127/A/ Commerce del 18 aprile u.s., relativa alla nuova disciplina delle esportazioni italiane.

Da parte italiana si e' lieti di prendere atto della dichiarazione che "obbiettivo di questa disciplina e' di ristabilir e il commercio estero tra privati", e si ringrazia per la decisione di trasferire al piu' presto possibile al Governo italiano il compit o di reperire tutte le merci da esportare, nonche' quello di fissare i prezzi.

Si ritiene tuttavia necessario formulare alcu ne osservazioni sul contenuto della nota suddetta, sia allo scopo d i chiarire il senso di taluni punti, sia per rilevare la portata e i ri flessi della nuova disciplina sul commercio estero e sull'economia italiana in generale.

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N. 1, 2, e 3 (marketing) - Sembra anzitutto che sarebbe opportuno chiarire se il surplus esportabile delle merci di ontego ria A debba essere stabilito dalle Autorita' italiane d'accordo con que lle alleate, come risulta dal Memorandum accluso alla lettera AC/5127/F/ Commerce in data 20 aprile u.s. diretta dall'Ammiraglio Stone a S.E. Bonomi, oppure dalle Autorita' Alleate, come risulterebbe invece dalla nota in data 18 aprile sopracitata. Infatti, in q uest'ult ima lettera e' detto : "Queste merci (ossia quelle di categoria A) debbon o essere vendute sui mercati e nei quantitativi che saranno determina ti dai "Combined Boards" o da altre competenti Agenzie Alleate", mentre

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invece nel promemoria accluso alla lettera dell'Ammiraglio Stone a S.E. Bonomi e' detto al punto 4) : "Il surplus esportabile di tali merci deve essere dichiarato e concordato dal Governo Italiano e dalle Autorita' alleate prima che l'esportazione possa essere effettuata".

Appare, oltrecheè opportuno, necessario che sia adottata questa seconda procedura, poiche' la determinazione del surplus esportabile dipende da un lato dall'apprezzamento dei bisogni dell'economia interna e dall'altro dal piano di scambi coi Paesi Alleati e coi Paesi neutrali, verso i quali si dirigera' l'esportazione delle merci in parola. Pertanto e' desiderabile che un esame di tale natura, che comporta considerazioni attinenti all'economia interna italiana e ai rapporti dell'Italia coi Paesi esteri, sia compiuto dal Governo italiano, in collaborazione con le Autorita' Alleate.

Per quanto riguarda in particolare le liste delle merci che rientrano nella categoria A), si osserva in primo luogo che esse appaiono, in linea generale, predisposte in considerazione dei rifornimenti rispetto a tutti i vari mercati, e non gia' in vista dei rapporti diretti con l'Italia. Infatti nelle liste sono comprese anche merci che non sono prodotte in Italia (te', cacao, gomma, spezie, ecc.), o merci di cui l'Italia ha scarsissime disponibilita' di fronte ai bisogni interni (cereali, grassi ed oli, carni, zucchero, carbone, pelli, calzature, locomotive, materiale elettrico, ecc.) e di cui alcune formano anzi parte preponderante dei rifornimenti destinati da parte degli Alleati all'Italia per i bisogni essenziali della popolazione.

In considerazione di cio', si ritiene che l'applicazione della disciplina sulle merci delle liste in questione nei riguardi dell'Italia debba essere fatta tenendo conto delle reali necessita' e delle presenti condizioni dell'economia italiana.

In modo particolare e' da prospettare l'opportunita' che per alcuni prodotti tipici italiani, che hanno una fondamentale importanza per l'esportazione (agrumi, alcune frutta secche, olii essenziali, conserva di pomodoro, semi da prato e da orto, acido citrico e acido tartarico, canapa, seta, materie concianti, piriti, tessuti, ecc.), sia consentita alle Autorita' italiane una congrua facolta' di azione in relazione alla determinazione delle quantita' esportabili, in vista soprattutto della possibilita' di costituirsi le contropartite necessarie per l'importazione, di mantenere i tradizionali rapporti con la clientela estera e di rendere cosi' possibile una piu' normale ripresa di traffici con i paesi terzi.

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E' ovvio che tale ripresa sarebbe gravemente ostacolata ove la maggior parte dei prodotti suddetti continuasse ad essere sottratta come avviene attualmente per alcune merci (ad es. la canapa, la seta, gli agrumi, ecc.) alla libera questione dei prezzi cui le merci ste sse vengono cedute.

Sembra, d'altra parte, ben fondata la speranza che la Commissione Alleata terra' nel giusto conto la nuova situazion e determinatasi con la fine delle ostilita' in Italia e se tutto il continente europeo, per cui le esigenze attuali sono da considerars i ben diverse da quelle che potevano giustificare una cosi' rigida disciplina delle esportazioni italiane, quale quella prevista dalla nota del 18 aprile suddetta.

N. 3 (pricing) - 1 comma - Da parte italiana si ritiene che quest o punto si possa interpretare come segue : "Nel caso in cui non sia possibile un accordo sul prezzo, il Governo italiano ri cevera' un prezzo non inferiore al prezzo massimo vigente nel mercato importatore, ovvero, quando questo manchi, il prezzo nor male di vendita nel mercato estero di collocamento, oltre a qualsiasi elemento di su s sidio o di integrazione di prezzo di cui godono gli stessi prodotti o prodotti similari sullo stesso mercato estero di collocamento, meno le spese".

In base a tale formulazione e in rapporto alla det ermi-nazione dei suddetti prezzi, sarebbe opportuno che da parte alle at a venisse comunicato alle competenti Autorita' italiane, almeno per quanto riguarda l'Inghilterra, gli Stati Uniti d'America e il Canad a' (e, se possibile, per gli altri mercati delle Nazioni Unite in cui vengono esportati i prodotti italiani) per quali merci esista un "ceiling price" e quali siano i prezzi massimi in vi gore, nonche' le successive variazioni, affinche' da parte italiana si possano av e re indicazioni precise cui riferirsi in questa importante materia.

N. 3 (pricing) - 2 comma - Mentre merita apprezzament o la possibilita' offerta al Governo italiano di rivolgersi alla Commis sione Alleata perche' prenda in considerazione un aggiustamento di pr ezzo da parte del compratore estero, si confida che la Commissione stessa vorra', nelle circostanze in questione, dare il suo apprezzato ed efficace contributo affinche' tali adeguamenti di prezzo siano realizzati e perche' siano evitati, per quanto possibile, sacrifici sui ricavi delle esportazioni, che le depresse condizioni dell'economia italiana non sarebbero in grado di sopportare,

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N. 4 - Per quanto riguarda il principio suggerito dal la Commissione Alleata di evitare, come linea generale di co ndotta - e salvo che le speciali condizioni del tempo di guerra non rich ie dano altrimenti - di offrire merci all'estero quando il prezzo che si puo' ottenere su di un mercato straniero sia inferiore al prezzo di acquisto in lire, piu' i trasporti e le altre spese, si deve far presente che detto principio risponde agli stessi interessi dell'economia italiana, ed e' quindi in questo senso che l'azione gove r - nativa sara' svolta, A tal fine si fa anche assegnamento sulla apprezzata collaborazione della Commissione Alleata. Tuttavia, nelle circostanze attuali, lo sfasamento che esiste tra i prezzi interni italiani e quelli internazionali, espressi nella parita' fissata tra la lira e il dollaro e rispettivamente la sterlina, puo' talvolta portare alla conseguenza che alcune esportazioni diver reb bero praticamente non effettuabili, se si volesse rigidamente esige re u n ricavo sul mercato estero non inferiore al prezzo ottenibile su quello italiano. E' sperabile, per conseguenza, che in quest a mat eria si tenga conto delle speciali condizioni dell'attuale momento, in modo da consentire alle Autorita' italiane maggiore liberta' di apprezzamento, in rispondenza alle necessita' dell'economia del Paese, ed in particolare al bisogno di costituire le contropartite occorrenti per l'ingente massa di importazioni da effettuare.

N. 5 - Nel prendere atto, ringraziando, della decisione comunicat a dalla Commissione Alleata di trasferire al piu' presto pos sib i le al Governo italiano il compito di reperire le merci da esportare e di fissarne i prezzi, si esprime l'augurio che tale trasferimento venga quanto prima attuato.

Da parte italiana si e', a questo riguardo, disposti ad esaminare la possibilita' di accordi intesi a permettere a rappresentanti dei compratori all'estero di trattare direttamente con i singoli produttori o esportatori italiani; ma si gradirebbe, d'altr a parte, che analoga possibilita' fosse consentita ai rappresentanti all'estero degli esportatori italiani di trattare direttamente con i singoli compratori stranieri.

N. 6 - Senza dubbio, una pronta ripresa del commercio tra privati presenta un grande interesse; a tal fine da parte italia na si e' pronti ad iniziare subito discussioni con la Commissione Alleata perche' possano essere apportate le necessarie modifiche alla proc e- dura attuale degli scambi con i paesi esteri. Si attendono comuni- cazioni in merito.

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Per quanto riguarda poi l'offerta di servigi che, nell'assenza di tali nuovi accordi con le Nazioni Alleate, e fino a che non sia stato ristabilito il commercio privato tra l'Italia e gli altri Paesi, viene fatta dalla "United States Commercial Company", a titolo temporaneo, ne i ri guardi delle nostre esportazioni, nonche' da parte di enti similari inglesi, si fa riferimento alla risposta data dal R. Ministero degli Affari Esteri con nota verbale n. 44/05827 del 23 aprile 1945 alla Nota Verbale n. 76 del 29 marzo u.s. dell'Ambasciata degli Stati Uniti d'america in merito ad analoga offerta dei servizi in parola.

IL MINISTRO

C. GIACCHI

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: AC/5127/A/Commerce

H.G/eh

7 June 1945

SUBJECT: Foreign Trade Export Policy

TO : S. E. Giovanni Cromcni
Ministro per l'Industria, per il Commercio e per il Lavoro,
Rome

My dear Mr. Minister,

1. I refer to your letter of 17 May in regard to my letter of 18 April.

2. The various points raised in your note have now been the subject of discussions at a meeting between the General Director of Foreign Trade at your Ministry and the Foreign Trade Division of Allied Commission. The object of this note is to confirm our reply to such questions as needed clarification and to enable the Italian Government to proceed with its export trade negotiations without further delay and without the supe vision of Allied Commission, except in so far as is required by the terms of my previous memorandum.

3. Export Surplusage. It has now been clarified that there was, in fact, no conflict ion between the statements contained in my letter of the 18th of April and those made in Admiral Stone's letter of the 20th of April concerning Franco-Italian trade. The position is that an export surplus should be agreed upon and declared by the Italian Government and the Allied authorities in this theater. The responsible Allied authorities in the theater would be the Allied Commission and, also, the Allied Forces Local Resources Board when any controlled or restricted materials are involved. The procedure normally would be for the Italian Government to inform the Allied Commission of the amount of any commodity which is surplus to Italian requirements and available for export. The Allied Commission would consult Allied Forces Local Resources Board when necessary, and, subsequently, comment to the Italian Government. Once the surplus for export has been agreed upon, the Italian Government would be free to trade the commodity abroad to the best advantage, provided the commodity is not in Category A. If, on the other hand, it is a Category A commodity, the Allied Commission would inform the Combined Civil Affairs Committee in Washington that the surplus was

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available and would request the Combined Boards in Washington to allocate this surplus to countries in need of supplies.

4. Allocation of Category A Commodities. It is appreciated that the Italian Government desire to be consulted on the allocation of Category A commodities as far as possible, but it must be remembered that the lists of such commodities, communicated to you with my above mentioned memorandum, refer to supplies, not only from Italy, but from all the resources of the world available to the Allies. The reason for controlling these materials is, generally speaking, that the needs of the Allies are greater than the available supplies. Every country is, therefore, called upon to make its contribution to the limit of its capacity, and Italy is in no different a position than that of the United States and United Kingdom or any other Allied nation. When informing the Combined Civil Affairs Committee of exportable surpluses, we shall be prepared to forward at the same time any special recommendations for distribution you have which may act as a guidance for the Combined Boards.

5. Pricing of Category A Commodities. It is confirmed that Allied Consideration will endeavor to obtain ceiling prices in the U.S. and U.K. for Category A commodities available for export from Italy. You have, also, raised verbally the point that there may be a difference in price offered by the countries to which allocation of a Category A commodity is made, and, in such a case, whether the Italian Government can request that the maximum price offered be taken as a basis for crediting the Italian Government in all receiving countries. Our opinion on this matter is that the situation would not often arise. Nevertheless, when it does and when the Italian Government is dissatisfied with the price obtained abroad for a Category A commodity, it might be appropriate in certain cases for the Italian Government to put forward the difference of price between the importing countries as an argument for adjustment, together with other considerations in the manner suggested in the third paragraph of heading 3 in my letter of 18 April.

6. Private Trading. The Italian Government's reciprocal interest in reactivation of private trading is noted with pleasure and a beginning has already been made with exploratory discussions to this end. In confirmation of these discussions, I await from you at an early moment a memorandum describing the manner in which you propose to conduct and control such trading.

(5,1) AGA

A. C. Antolini
Acting Vice President
Economic Section

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cc: H. E. Couve de Murville, French Delegation, Rome
AFHQ, G-5 Section
Mr. Livengood, American Embassy, Rome
Mr. Hosworthy, British Embassy, Rome
Chief Commissioner
Executive Commissioner
Economic Section
Finance Subcommission

Ministero degli Affari Esteri

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HEADQUARTERS ALLIED COMMISSION
APO 394
DOCUMENTS SECTION

Ref: AC/5127/A/Commerce

MAC/eh

7 June 1945

SUBJECT: Trade between Italy and France

TO : H. E. Giovanni Cronchi
Ministro per l'Industria, per il Commercio e per il Lavoro, Rome

My dear Mr. Minister,

1. I thank you for your letter of the 17th of May addressed to Admiral Stone.

2. In confirmation of the discussions held between representatives of your General Director of Foreign Trade and the Foreign Trade Division of Allied Commission, I have written you a separate letter on the subject of Italian exports in reply to your letter on the same subject, dated 17 May, and attached to your above mentioned note to Admiral Stone. I am sending a copy of your above mentioned letter and a copy of this reply to the French Delegation, informing them that negotiations should now be made directly with the Italian Government and that the Allied Commission will not act as intermediary, except in so far as is necessary under the terms of the directives contained in my letter of the 18th of April on general export trading policy and my letter, dated 1 June, on imports from additional countries.

3. I take the opportunity of confirming, also, the fact that it will be necessary for your negotiations to be conducted with the French Delegation, Rome, which has been empowered to act on behalf of the French Government. It is appropriate, also, that you should discuss with the French the further question raised in your letter, namely, whether all trading is to be conducted with the French Government itself or with private French firms. We consider, nevertheless, that the progress now being made in our discussions on private trading generally should provide an answer to this question in the near future.

4. You have in your letter made further reference to the Allied Commission's request to be kept informed of the progress of negotiations. This request must be read in conjunction with the directives contained in the letters referred to in paragraph 2

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above. These two communications make quite clear the matters on which the Allied Commission would require to be consulted before conclusion of any negotiations with other countries. Any other reports of progress made to this Commission by the Italian Government would be for information only and would not necessitate suspension of negotiations pending agreement of this Commission.

(S.D) AGA

A. C. Antolini
Acting Vice President
Economic Section

cc: H. E. Comte de Murville, French Delegation, Rome
AFHQ, G-5 Section
Mr. Livengood, American Embassy, Rome
Mr. Mosworthy, British Embassy, Rome
Chief Commissioner
Executive Commissioner
Economic Section
Finance Subcommission
Ministero degli Affari Esteri

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Chief Commissioner
& Allied Commission
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ALLIED FORCE HEADQUARTERS

7th Meeting

25 May 1945

SUPREME ALLIED COMMANDER
ECONOMIC SUB-COMMITTEE

MINUTES OF A MEETING OF THE ECONOMIC SUB-COMMITTEE HELD IN THE G-3 WAR ROOM AT 1030 HOURS ON TUESDAY 22 MAY 1945

MEMBERS PRESENT:-

Lieutenant-General Sir Brian H. Robertson,
Chief Administrative Officer, AFHQ

Rear Admiral Ellery W. Stone,
Chief Commissioner, Allied Commission

Brigadier General A. L. Hamblen,
Assistant Chief Administrative Officer

Brigadier General Charles M. Spofford,
Assistant Chief of Staff, G-5

Mr. C. Offie,
Deputy U. S. Political Adviser

Mr. P. Broad,
Representing British Resident Minister

Colonel D. M. Libby,
Representing Assistant Chief of Staff, G-4

THE FOLLOWING WERE ALSO IN ATTENDANCE:-

Mr. A. G. Antolini
Vice-President, Economic Section, A.C.

Brigadier General E. B. McKinley,
Economic Section, A.C.

Brigadier Anderson,
Economic Section, A.C.

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Brigadier General Charles M. Spofford,
Assistant Chief of Staff, G-5

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Deputy U. S. Political Adviser

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Economic Section, A.C.

Brigadier Anderson,
Economic Section, A.C.

Mr. Robert James,
Representing M.S.A.

Colonel Basil Sheldon, A.F.L.R.S.

Lt. Col. J. H. Whitman,
Representing MEDBO

Commander F. A. Southard,
G-5 Section

Lt. Col. M. J. Glenn,
G-5 Section

SECRETARY

Major R. V. Grady

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1. General ROBERTSON opened the meeting and noted that the Economic Sub-Committee had not convened since September 1944. He advised that it would no longer be considered a standing committee but would be convened from time to time to consider specific problems.

2. PROPOSAL FOR ITALIAN TRADE COMMITTEE (170)

The Sub-Committee had before it a paper by G-5:

(a) Pointing out that Italian trade is going through a transition from a strictly military control period to a period in which Italy assumes full control over its own foreign trade.

(b) Advising that foreign trade is still carried on primarily through military channels.

(c) Recommending that a committee be constituted in Rome comprising the A.C., members of the various embassies, MSDHO, and the Italian Government, to assist and advise the A.C. on matters of foreign trade and commercial policy.

GENERAL STOFFORD explained that one year ago the creation of a quasi-civilian board, which would assist in implementing trade throughout the Mediterranean, was considered. It was decided at that time that such action would be premature. However the discussions then conducted by the Economic Sub-Committee resulted in representations to the Combined Chiefs of Staff on commercial policy matters and the resultant receipt of the major portion of existant directives. It is believed that it is now appropriate again to consider the establishment of a similar board with the general purpose of fully utilizing theater local resources and thereby reducing imports from the U.S. and U.K.

GENERAL ROBERTSON said that before details were discussed he wished to be informed whether the proposed committee is necessary to repair Italian foreign trade.

ADMIRAL STONE stated that the A.C. was at present utilizing the agencies enumerated in the paper under discussion and that since the paper made clear that executive power would remain with A.C. the only useful purpose such a committee would serve would be to assume executive action at such time as the Allied Commission ceases to be responsible for Italian commercial policy and procedure.

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GENERAL ROBERTSON stated that he was most anxious to divest FHC of responsibility for foreign trade, nominate a responsible body, and inform all interested parties to this effect. COMMANDER SOUTHARD remarked that many of the outstanding foreign trade problems had been referred to the Combined Chiefs of Staff who had recently advised that replies will be made by the Combined Liberated Areas Committee directly to the Allied Commission; and that in the experience of G-5 it is essential that communication channels and organizations be available to A.C. to permit the handling of detailed problems without dependence on FHC. ADMIRAL STONE agreed that if A.C. were authorized to deal directly with all areas and countries on foreign trade matters present communication problems would be solved. GENERAL ROBERTSON reiterated that it should be made clear that A.C. will control the machinery for the conduct of foreign trade and must utilize civilian agencies within the theater as a clearing house. NAPOC would be a valuable addition to such a group.

CHIEF ADMINISTRATIVE OFFICER: Directed that G-5 should, in conjunction with the A.C., prepare a directive affirming that:

(a) FHC is relieved of responsibility for the operation and conduct of Italian foreign trade,

(b) This responsibility is passed to the A.C.,

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(c) A [illegible] civilian and diplomatic agencies [illegible] as a clearing house to facilitate commercial communications [illegible] to exchange views on matters affecting Italian foreign trade.

3. REPORT ON CURRENT STATUS OF ECONOMIC BARRIER BETWEEN THE NORTH AND THE SOUTH.

Extract of 52-2/c.

The Committee had before it a paper prepared by G-5 summarizing the status of the economic barrier which stated that the purpose of the barrier was to maintain reportedly lower prices and wages in Northern Italy, through the establishment of police road blocks, during the period immediately following occupation; and pending clarification of the economic situation in the North, recommended that no action be taken to abolish the barrier.

GENERAL SPOFFORD amplified the paper by observing that it was not considered advisable to make a decision regarding the necessity for the barrier until a report had been received from A.C. summarizing the current situation in the North.

ADMIRAL STONE recommended that the barrier be abolished on 28 May. He requested that the existing instructions respecting prices and wages in the North remain in effect. GENERAL ROBERTSON X asked COLONEL SHELDON whether the extension of AFLRS authority to the North might not be made to coincide with the abolition of the barrier, which would place wages and prices under AFLRS control. GENERAL HAMBLEN and COLONEL SHELDON agreed that this could be done. ADMIRAL STONE said that the A.C. felt the movement of population North and South should be permitted, subject to military convenience, but Fifth Army has so far refused to recognise Questora passes issued to civilians by Italian authorities.

MR. ANTOLINI, recently returned from an inspection of North Italy, reported that in general supplies are more abundant and wages and prices are lower than in the South. The barrier has served its intended purpose, largely through its psychological effect, which was to prevent speculation and rapid inflation. Wages and prices will be raised as circumstances require, with established military controls acting as a retarding factor. It is anticipated that certain inflation will take place in the North with a somewhat opposite deflationary effect in the South, as a consequence of the draining from the North of goods and services.

GENERAL ROBERTSON, referring to the movement of personnel to and from 5 Army area, stated:

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May. He requested that the existing instructions respecting prices and wages in the North remain in effect. GENERAL ROBERTSON
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GENERAL ROBERTSON, referring to the movement of personnel to and from 5 Army area, stated:

(a) 5th Army has authority to restrict the free movement of goods and personnel only insofar as such movement affects operational requirements. At present 5th Army have two primarily operational responsibilities:

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(1) The activity along the Italian-French border.

(2) Collecting enemy personnel.

(b) If it will prove of assistance to A.C., a signal will be dispatched to 5 Army requesting they honor Questura passes insofar as civilian travel does not restrict operational requirements. ADMIRAL STONE requested that this signal be withheld pending reply from a signal to 5 Army as to whether Questura passes will be honored. GENERAL ROBERTSON agreed.

THE CHIEF ADMINISTRATIVE OFFICER DIRECTED:

That G-5, in conjunction with the A/CAO, take action as at (X) above.

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4. ESTABLISHMENT BY CLNAI OF RETRIBUTION BONUS.

MR. ANTOLINI reported that the CLNAI had established in Northern Italy a retribution bonus system to be supported by all industrial workers. Collections are being enforced by industrial unions and similar organizations. He recommended that further collections be prohibited until approved by the Italian Government when this territory ceases to be a responsibility of AMG. GENERAL SPOFFORD pointed out that CLNAI decrees in AMG territory are not legal or enforceable, and as a consequence this is a matter to be dealt with by AMG. GENERAL ROBERTSON stated that he would await further advice on this matter from the Chief Commissioner, ACC.

5. FORMATION OF INDUSTRIAL ADVISORY AND PRODUCTION BOARD.

GENERAL ROBERTSON informed the sub-committee of action previously taken to form industrial advisory boards in Italy:

(a) It was apparent prior to the liberation of the North that a centralized group was necessary to ensure that Italian industry was fully employed; part of Southern Italian industry utilized by the military was being fully exploited but the remaining Southern facilities were not. This was primarily because the factors necessary to initiate production were under military control, and until they could be deployed and allocated for civil production, reactivation of industry could not take place. It was for this reason that the establishment of industrial advisory boards was recommended. Now that the North is uncovered it is even more necessary that industrial activity be centralized, if Italian economy is not to be allowed to lapse into inactivity with consequent unemployment and greater rather than less dependence on imported supplies by the Allies.

(b) The proposed board was to consist of three vice chairmen; one representing ACC., one the Italian Government, and one Italian industry. Initially the ACC. representative was to be chairman.

ADMIRAL STONE summarized the problem as follows:

(a) The proposed board is comparable to the War Production Board in the U.S. Great Britain has found need for a similar organization. It is to be noted that these agencies are a temporary war-time expediency.

(b) It is difficult to constitute a board of this nature under the provisions of FAN 487, and the ACC. has consequently recommended the establishment of a Board acceptable to the Italian Government and not in conflict with Allied policy. He explained that he has sought political advice on this matter.

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initiate production were under military control, and until they could be deployed and allocated for civil production, reactivation of industry could not take place. It was for this reason that the establishment of industrial advisory boards was recommended. Now that the North is uncovered it is even more necessary that industrial activity be controlized, if Italian economy is not to be allowed to lapse into inactivity with consequent unemployment and greater rather than less dependence on imported supplies by the Allies.

(b) The proposed board was to consist of three vice chairmen; one representing A.C., one the Italian Government, and one Italian industry. Initially the A.C. representative was to be chairman.

ADMIRAL STONE summarized the problem as follows:

(a) The proposed board is comparable to the War Production Board in the U.S. Great Britain has found need for a similar organization. It is to be noted that these agencies are a temporary war-time expediency.

(b) It is difficult to constitute a board of this nature under the provisions of F.N.487, and the A.C. has consequently recommended the establishment of a Board acceptable to the Italian Government and not in conflict with Allied policy. He explained that he has sought political advice on this matter.

(c) Admiral Stone then read a paper, explaining the A.C. position, which is attached as Annex A.

GENERAL ROBERTSON enquired how the military requirements of AFHQ/A.C would be enforced were the board nominally controlled by the Italian Government. ADMIRAL STONE replied that control will be exercised primarily through the power to allocate imports and transportation and by means of industrial contracts. GENERAL SPOFFORD noted that, under the terms of F.N.487, S.A.C.M.E.D is authorized to utilize local resources for military production, and that S.A.C.M.E.D still retains the power of requisitioning.

GENERAL ROBERTSON observed that the terms of reference of the board should make reservations to the effect that the military needs of the Allied Forces will receive priority in Italian industry. He asked Admiral Stone to request one of his staff, to advise what provision for Allied personnel will be necessary in view of the new composition of the board.

(19)

BRIGADIER ANDERSON, at the request of Admiral Stone, stated that an increase in staff of approximately 150 officers will be necessary for the purpose of making industrial surveys and of forming the necessary board secretariats. He further pointed out that during the last

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year of German occupation in Northern Italy 3,000 German officers were used to control industry.

GENERAL ROBERTSON expressed the opinion that considerable difficulty would be encountered in obtaining the requested number of Allied officer personnel, and recommended that Admiral Stone raise this matter at the next S.C.C.S.D political meeting.

MR OFFIE recommended that the establishment of these boards be brought to the attention of the Combined Chiefs of Staff.

GENERAL ROBERTSON confirmed that the Combined Chiefs of Staff would be notified by G-5 of action taken.

ADMIRAL STONE suggested that one of the Allied members of the the Industrial Board should be drawn from AFHQ. It was agreed that this would be logical.

GENERAL ROBERTSON asked if the sub-committee were in agreement with the proposals set forth in the memorandum read by the Chief Commissioner, Allied Commission.

The Sub Committee confirmed agreement with the proposals of the Chief Commissioner, Allied Commission, attached as Annex .

R. V. GRADY,
Major, T.F.
Secretary.

Distribution.

S.C.S	2
Chief Administrative Officer	1
Asst. Administrative Officer	1
Chief Commissioner, A.C.	1
U.S. Political Adviser	1
British Resident Minister	2
Assistant Chief of Staff, G-4(A)	2
Assistant Chief of Staff, G-4(F)	3
Assistant Chief of Staff, G-5	

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The Sub Committee confirmed agreement with the proposals of the Chief Commissioner, Allied Commission, attached as Annex ..

R. V. GRADY,
Major, T.C.
Secretary.

Distribution.

SACS	2
Chief Administrative Officer	1
Asst. Administrative Officer	1
Chief Commissioner, ACC.	4
U.S. Political Advisor	1
British Resident Minister	1
Assistant Chief of Staff, G-1(A)	2
Assistant Chief of Staff, G-1(B)	2
Assistant Chief of Staff, G-5	3
Vice President Economic Section, ACC.	4
USFIK	1
AFHQ RAC	2

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(19)

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APPENDIX A

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

21 May 1945

CC 4045

SUBJECT: Formation of Industrial Advisory and Production Boards.

TO : Chief Administrative Officer, A.F.H.Q.

1. The survey which has been made in Northern Italy by members of the Economic Section of Allied Commission clearly indicates that the setting up of Industrial Boards as envisaged in the correspondence between us has now become a matter of considerable urgency. Nevertheless, there are still many difficulties in the way.

2. The main difficulties are:

(a) Agreement of the Italian Government is essential

(1) as to the composition of the Boards, and

(2) as to their powers and methods of working.

This will probably take some time to obtain on account of the political situation. The Boards will have to be largely Italian in complexion.

(b) The composition and powers of the Boards must be such that the scheme for their initiation will receive the support of the Allied Governments.

(c) If the Boards are largely Italian in complexion, they would probably be acceptable to the United States and British Governments as being in accord with FAN 487. At the same time, if the Boards are Italian in nature, the U.S. and British Governments may fear that they may become instruments for the nationalization of Industry, with possible injury to U.S. and British investments in Italy.

(d) Time is not now available for prolonged discussions with either the Italian Government or the Allied Governments.

We are therefore forced to compromise between the evils of the courses open to us.

3. The Allied Commission therefore proposes that the formation of an Italian Production Advisory Board be referred immediately to the Italian Government. Since some time will elapse before its creation, it is recommended that Italian Boards be set up by the Italian Government and A.M.G. for the following vital industries:

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(c) If the Boards are largely Italian in complexion, they would probably be acceptable to the United States and British Governments as being in accord with FAN 487. At the same time, if the Boards are Italian in nature, the U.S. and British Governments may fear that they may become instruments for the nationalization of Industry, with possible injury to U.S. and British investments in Italy.

(d) Time is not now available for prolonged discussions with either the Italian Government or the Allied Governments.

We are therefore forced to compromise between the evils of the courses open to us.

3. The Allied Commission therefore proposes that the formation of an Italian Production Advisory Board be referred immediately to the Italian Government. Since some time will elapse before its creation, it is recommended that Italian Boards be set up by the Italian Government and A.M.G. for the following vital industries:

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Textile industry;
Chemical industry, including fertilizers;
Steel industry, including coke oven industry;
Cement, lime and brick industries; and
Food processing industry.

4. It is proposed that the composition of these Boards be Italian, with Allied minority non-voting members participating only as advisors.

5. Until the Italian Government has set up the Italian Production Advisory Board (vide paragraph 3), the Allied Commission, acting on behalf of the Italian Government, will control the allocation of *imported raw materials in common use by all industries, such as coal, etc. The Allied Commission representatives participating in the Production Advisory Board would be designated advisory members. Being so termed, the scheme would conform with the conditions and intentions of FAN 487. The Allied members would, of course, exercise very considerable power as the import of raw materials would depend very largely on their advice and they would also control, through AC/AFHQ, the facilities of movement of raw and manufactured materials between industries.

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*Word 'imported' verbally inserted by Admiral Stone.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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MAY 21 1945
C. C. 1430

Translation

Ministry of Industry Commerce and Labour

Ge. Dir. Foreign Trade
Serv. Trattati-Div. I
n. 1459
Anel. 2

May 17th, 1945

To Rear-Admiral Ellery W. Stone
Allied Commission
R o m e

SUBJECT: Italo-French trade

(answer to AC/5127/F/Commerce)

17

The President of the Council forwarded to me your letter AC/5127/F/Commerce, of April 20th, with the enclosed memorandum, to examine its content, which is of the competence of my Ministry, and to have further discussions about the question relative to Italo-French trade with the Vice-President of the Economic Section of the Allied Commission, as you wished.

Thanking you for the kind informations you gave me in the above mentioned note, following our previous correspondence on this subject, I enclose a memorandum, explaining the Italian point of view about the question.

THE MINISTER

S. Cremonesi

EC Hist — 21 May 45

O.S.

ACTION: ECON SEC (2)
INFO: CHIEF COMMR
EXEC COMMR

2284

(18) Will come up from Q

Translation

Gen. Dir. of Foreign Trade
Serv. Trattati-Div. I

Memorandum

(ref. memorandum enclosed to letter AC/2127/F Commerce)

1. 2. 3. 4. 5. 7 - The Italian side recognized that it must refer to the 'new regulation of exports', contained in letter AC/2127/A/Commerce, of April 18th, of the Vice President of the Economic Section of the Allied Commission, Mr. Antolini, according to which many questions explained in the former Italian memorandum relative to Italo-French foreign trade would be cleared by the above mentioned letter of Mr. Antolini.

The content of this letter has been carefully examined by the Italian side to find the repercussions of the new regulation on foreign trade and on Italian economy in general. The result of this examination as well as well as Italian wishes a propos of the new discipline of exports, particularly in view of the new situation which has been determined by the end of the war in Europe, have been the subject of a letter of H. E. the Minister for Industry, Commerce and Labour to the Vice-president of the Economic Section of the Allied Commission, letter of which we enclose a copy.

In particular, we think it advisable to draw your attention on what has been observed a propos of the ascertainment of the exportable surplus as from part one and two of para. 1, 2, and 3 (marketing) of the letter of H. Ex. Bronchi, that we enclose, a propos of the difference on this subject between the statement contained in the memorandum enclosed in Admiral Stone's letter of April 20th, and what is mentioned in 3) of the letter of Mr. Antolini of April 18th.

6 - The Italian side recognizes the wish expressed by the French Government for all negotiations with Italy to take place throught the French Delegation in Rome, and confirms its full agreement on this principle. It is to be noticed, however, that on the side of the Allied Commission, it hasn't been specified whether the trading operations to be done in execution of possible agreements between the Italian Government and the French Government may actually be negotiated with private French firms, or whether they must be reserved to the French Government.

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

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6 - The Italian side recognizes the wish expressed by the French Government for all negotiations with Italy to take place through the French Delegation in Rome, and confirms its full agreement on this principle. It is to be noticed, however, that on the side of the Allied Commission, it hasn't been specified whether the trading operations to be done in execution of possible agreements between the Italian Government and the French Government may actually be negotiated with private French firms, or whether they must be reserved to the French Government.

8 - The Italian side recognizes the statement confirming that the observations made by the Allied Commission in the memorandum of February 9th do not exclude the possibility of establishing a clearing between Italy and France, and that, in this case, this question has to be discussed by the competent Italian and French Authorities.

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It must be noticed that no mention is made of the Italian observations contained in 27 of the memorandum enclosed in the letter of H. E. Bonomi to Rear-Admiral Stone, on March 27th, a propos of the request of the Allied Commission to be informed about the progress of the commercial negotiations, and to receive periodical reports from the Italian Government on the state of the trading and exchange relations between Italy and France. On this subject, the Italian side trusts that the Allied Commission will have taken in condideration the observations expressed in the above mentioned memorandum.

Enclosure 1

(18)

e.c.

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

Translation

May 17th 1945

Gen. Dir. Foreign Trade
Serv. Trattati-Div. I

TO MR. A.C. ANTOLINI
Allied Commission
Economic Section
Rome

Subject: Exports regulation

The content of the note from the Allied Commission - Economic Section - AC/9127/A/Commerce of April 18th, relative to the new regulation on Italian exports has been carefully examined.

The Italian side is pleased to acknowledge the statement that 'the object of this regulation is to re-establish foreign trade between private persons', and expresses its thanks for the decision of transferring as soon as possible to the Italian Government the task of locating all the wares to be exported as well as that of fixing their prices.

However, we deem it necessary to express some observations on the content of the above mentioned note, to clear up the sense of a few points, as well as to stress the importance and repercussions of the new regulation on foreign trade and Italian economy in general.

N. 1. 2. & 3. (marketing) - First of all, it seems it would be advisable to clear up whether the exportable surplus of the wares of category A must be established by the Italian Authorities in agreement with the Allied ones, as from the memorandum enclosed in letter AC/9127/A/Commerce of April 20th, sent by Admiral Stone to H. E. Bonomi, or by the Allied Authorities as it would instead appear from the note of April 18th, that we mentioned before. As a matter of fact, it is said in this last letter: 'These wares (i.e. those of category A) must be sold on the markets and to the amount which will be determined by the 'Combined Boards'or by other competent Allied Agencies', while instead, in the memorandum enclosed in Admiral Stone's letter to H.E. Bonomi, it is said in 4) that : 'the exportable surplus of these wares must be declared and decided by the Italian Government and the Allied Authorities before the export can take place'.

It seems not only advisable but necessary to adopt this first procedure for the determination of the exportable surplus depends for one thing on the estimation of the requirements of interior economy, and for the other, on the plan for exchanges with Allied Countries and with neutral Countries to which the said wares will be exported. It is therefore to be wished that an examination of this kind, which includes considerations relative to Italian interior economy and to the relations of Italy with foreign countries

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

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N. 1. 2. & 3. (marketing) - First of all, it seems it would be advisable to clear up whether the exportable surplus of the wares of category A must be established by the Italian Authorities in agreement with the Allied ones, as from the Memorandum enclosed in letter AC/p127/F/Commerce of April 20th, sent by Admiral Stone to H. E. Bonomi, or by the Allied Authorities as it would instead appear from the note of April 10th, that we mentioned before. As a matter of fact, it is said in this last letter: 'these wares (i.e. those of category A) must be sold on the markets and to the amount which will be determined by the 'Combined Boards'or by other competent Allied Agencies', while instead, in the memorandum enclosed in Admiral Stone's letter to H.E. Bonomi, it is said in A) that : 'the exportable surplus of these wares must be declared and decided by the Italian Government and the Allied Authorities before the export can take place'.

It seems not only advisable but necessary to adopt this first procedure for the determination of the exportable surplus depends for one thing on the estimation of the requirements of interior economy, and for the other, on the plan for exchanges with Allied Countries and with neutral Countries to which the said wares will be exported. It is therefore to be wished that an examination of this kind, which includes considerations relative to Italian interior economy, and to the relations of Italy with foreign countries, should be made by the Italian Government, in collaboration with the Allied Authorities.

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For what concerns the list of the wares included in category A) we must first say, generally speaking, that they seem to have been made in consideration of the supplies with reference to all the various markets, and not in view of the direct relations with Italy. As a matter of fact, the lists include also wares which are not produced in Italy (tea, cocoa, rubber, spices etc.) and goods of which Italy has very little considering her interior requirements, (corn, grease, and oils, meat, sugar, skins, shoes, steam-engines, electric material, etc.) and of which none form the main part of the supplies destined by the Allies to Italy for the chief requirements of the population.

Considering this, we believe that the enforcement of the regulation on the goods of the said lists, for what concerns Italy, must take place taking in consideration the real requirements and the present conditions of Italian economy.

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For some typical Italian products, which have a fundamental importance for export (lemons, oranges, some kind of dried fruit, essential oils, tomato preserves, seeds, citric acid and tartaric acid, hemp, silk, tanning material, pyrites, textiles, etc...) we must particularly emphasize the opportunity of allowing the Italian authorities a certain facility of action for what concerns the determination of the exportable amounts, and above all in view of the possibility of constituting the necessary counterparts for import, to maintain the traditional relations with the foreign clients and thus make possible a more normal resumption of exchanges with other countries. It is obvious that this resumption would be seriously hampered if the greatest part of the above mentioned products were not left at the free disposal of the Italian Authorities, (as for inst. hemp, silk, oranges, lemons, etc..) this without mentioning the question of prices for the ceding of the goods.

On the other hand, the hope that the Allied Commission will take in consideration the new situation determined by the ending of the hostilities in Italy, and all over the European continent, seems well founded; because of the new situation, the present requirements are to be considered as being quite different from the ones which might justify such a rigid regulating of the Italian exports, as foreseen by the note of April 18th.

N. 1 (pricing)- 1st para - The Italian side believes that this point may be interpreted as follows: 'In case it wouldn't be possible to agree on the price, the Italian Government will get a price not inferior to the maximum price being paid on the importing market, or, should this be lacking, the normal sale price in the foreign market besides all subsidy elements and all the price-completions which these products or similar products get on the foreign market, less the expenses.'

On the basis of this drafting, and in relation with the determination of the above mentioned prices, the allied side ought to inform the Italian Authorities, for what concerns, England, the United States of America and Canada at least, (and if possible, for the other Countries of the United Nations, where Italian products are exported) about the wares which have a 'ceiling price' and which are the maximum prices in force, as well as the successive variations, so that the Italian side may have precise information about this important matter.

N. 3 (pricing) - 2nd para - While we appreciate the possibility offered to the Italian Government to ask the Allied Commission to take in consideration adjustment of price on the part of the foreign buyer, we trust that in the said circumstances, the Commission itself will give its efficacious and much valued contribution for this balancing of prices to be realized, and to avoid

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quite different from the ones which might justify such a rigid regulating of the Italian exports, as foreseen by the note of April 18th.

N. 3 (pricing)- 1st para - The Italian side believes that this point may be interpreted as follows: 'In case it wouldn't be possible to agree on the price, the Italian Government will get a price not inferior to the maximum price being paid on the importing market, or, should this be lacking, the normal sale price in the foreign market besides all subsidy elements and all the price-completions which these products or similar products get on the foreign market, less the expences.'

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N. 3 (pricing) - 2nd para - While we appreciate the possibility offered to the Italian Government to ask the Allied Commission to take in consideration adjustement of price on the part of the foreign buyer, we trust that in the said circumstances, the Commission itself will give its efficacious and much valued contribution for this balancing of prices to be realized, and to avoid as far as possible, sacrifices on the profits of the exports, which couldn't be borne by Italy's economy in its present depressed condition.

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N. 4. - For what concerns the principle suggested by the Allied Commission of avoiding, as a general line of conduct, - except in the case that special war-time conditions should require it to be otherwise - offering wares abroad when the price that can be obtained on a foreign market is inferior to the purchasing price in Lire, plus the transport and other expenses, we must point out that the said principle answers to the very interests of Italian economy; the action of the Government will therefore take place in this sense. To this end, we also rely on the much appreciated collaboration of the Allied Commission. However, in the present circumstance, the difference which exists between Italian interior prices and the international ones, expressed in the parity fixed between the Lira and the $ and respectively the £ might lead to the consequence that some exports would be practically impossible to achieve, if if we were rigidly to exact on the foreign market a profit not inferior to the price which can be obtained on the Italian one. It is therefore to be hoped that in this matter, the special conditions of the present moment will be taken in consideration, to allow a greater appreciation freedom to the

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Italian Authorities in answer to the requirements of the economy of the country, and, particularly, to the need for forming the counterparts required for the huge mass of imports to be made.

N. 5 - Recognizing the decision expressed by the Allied Commission of transferring as soon as possible to the Italian Government the task of locating the goods to export, and of fixing their prices, we express the wish for such a transfer to take place as soon as possible,

On this subject, the Italian side is ready to examine the possibility of agreements to allow the representatives of the buyers abroad to deal directly with the Italian producers or exporters; but, on the other hand, we would like such a possibility to be given to the representatives abroad of the Italian exporters, to negotiate directly with foreign buyers.

N. 6 - Doubtless, a rapid resumption of trade among private persons would be of great interest; to this end, the Italian side is ready to start at once discussions with the Allied Commissionto make it possible to make the necessary modifications to the present procedure of exchanges with foreign countries. We expect anpanswer on this subject.

For what concerns the offer of services which, as there are no new agreements with the United Nations, and as long as private trade hasn't been reestablished between Italy and the other countries, is being made by the 'United States Commercial Company', temporarily, for what concerns our exports, as well as by other similar English enterprises, we refer to the answer given by the State Department with verbal note n. 44/05827 of April 23rd 1945, to Verbal note n. 76 of March 29th of the American Embassy a propos of a similar offer of services.

The Minister

s. GRONCHI

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foreign countries. We expect ansanswer on this subject.

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The Minister

S. GRONCHI

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O.O.

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CONFIDENTIAL

ALLIED FORCE HEADQUARTERS
APO 512

Supreme Allied Commander's
Economic Sub-Committee

11 May 1945

PROPOSAL FOR ITALIAN-ALLIED TRADE COMMITTEE

Note by Assistant Chief of Staff, G-5

1. There is an increasingly urgent need for some form of Italo-Allied authority to facilitate the development of Italian foreign trade.

a. Italian foreign trade is going through a transition from the strictly military period in which AFHC/AC/ALC control all imports and exports and determines all prices and terms under directives from C.C.S., to the stage, yet in the future, in which Italy assumes full control over such matters, whether or not trade is for State or private account.

b. The channels and organization by and through which Italian export import trade is carried on are still primarily military in character and center in A.F.H.C. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.F.H.C. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private trade channel and agencies. Moreover, so far as concerns A.F.H.C., the C.C.S. have now directed that all matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.

c. During this transitional period, which may last many months, some form of "authority" or committee is needed which would be international in character and composition, and would provide simple, prompt, and direct action on foreign trade matters. This action would include interpretation of policy, development of procedures, facilitation of communication, and actual negotiation of transactions.

d. It is therefore proposed that consideration be given to establishing an Italo-Allied Trade Committee in Rome with roughly the following representation: A.C., British Embassy, U.S. Embassy, French Embassy, Russian Delegate on the A.C., MEDBO, and the Italian Government. Additional representation might be drawn from other national delegates on the Advisory Council and other diplomatic or consular bodies. This Committee would possess, through the facilities available to it, prompt communication with London, Washington and Moscow, as well as other national capitals, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.

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e. This Committee would have two principal functions:

(1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains critical.

2287 (2) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc. In this connection, the Committee would be in a position to use all existing facilities and organizations (such as Government, military administrations, military headquarters, government agencies such as U.K.C.C., U.S.C.C., F.A., UNRRA), pending restoration of more normal commercial relationships.

f. During the period of military responsibility, the Committee would of course function solely in an advisory and complementary manner; the authority of S.A.C., exercised by AFHQ/AC, would remain unmodified. Functioning within such terms of reference, the Committee in addition to giving assistance as indicated in paragraph 1e, would be in a position to aid the A.C. in interpreting Allied basic commercial policy and to provide an additional channel for informing the Allied Governments as to the direction being taken by Italian commercial policy and foreign trade organization.

g. The Committee would need a Secretariat, which during the period of military responsibility could be provided from the Foreign Trade Section of the A.C., and to which the Italian Government could attach personnel.

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2. The following paragraphs summarize some of the major problems on which the Committee could be of considerable assistance.

3. Reopening of channels of negotiation. At present the only categories of commercial and financial correspondence permitted out of Italy are non-transactional communications to the U.S. and British Empire. Entire reliance has to be placed upon diplomatic and military channels for handling trade communications and negotiations until present restrictions are relaxed. The Italian Government has established a licensing system for transactional communications, and as soon as it issues a decree recognising the U.K. Statutory List and the U.S. Proclaimed List the essential prerequisites to relaxation of communications controls will have been met. At that time the C.C.S. would be advised that it is considered appropriate to authorise non-transactional communications to countries additional to U.K. and U.S. and to review the restrictions on transactional communications.

4. Transport facilities.

a. With adequate representation from MEDBO, and later U.M.A. (shipping-control officials) the Committee would be able promptly to determine availabilities of shipping for handling category B exports and also imports originating within the Mediterranean.

b. The Committee could examine the possibility of simplifying intra-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

3. Problems relating to the terms of trade.

a. The following are illustrative of current problems relating to Italian exports: Exportation of items under CCS allocation at a loss to the Italian Government because sales prices are determined in buyer's market; terms of payment for exports to countries other than U.S., U.K. and France; procedures and channels by which Italians may effect sales of exports which CCS no longer controls; accounting and settlement for exports from Theater to SHAEF for civil purposes; accounting and settlement for shipments from Italy on "military account", (i.e. for Allied military purposes rather than civil use).

b. The following are illustrative of current problems relating to Italian imports: Policy relating to imports outside the CCS allocations; financing of such imports, including utilization of Italian foreign assets.

c. There are also emerging certain general questions of commercial policy on which little or no guidance has been received from the CCS or the U.K./U.S. Governments. These include such matters as the attitude to be taken toward bi-lateral clearing accounts with foreign countries, including exchange rates within such accounts; or toward the tendency of the Italian Government

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b. The Committee could examine the possibility of simplifying intra-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

3. Problems relating to the terms of trade.

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c. There are also emerging certain general questions of commercial policy on which little or no guidance has been received from the CCS or the U.K./U.S. Governments. These include such matters as the attitude to be taken toward bi-lateral clearing accounts with foreign countries, including exchange rates within such accounts; or toward the tendency of the Italian Government to make the Foreign Trade Institute (I.C.E.) a trade monopoly.

d. Some of these questions have been referred to the CCS; others have not. Very little guidance has been received from the CCS on any of them.

6. It is recommended that prompt consideration be given to the establishment of a Committee as outlined in paragraph 1 d above.

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CHARLES M. SPOFFORD
Brigadier General, G.S.C.
Assistant Chief of Staff, G-5.

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

Ref : AC/5127/F/Commerce

20 April 1945

My dear Mr. Prime Minister

I thank you for your letter of the 27th March giving me your comments on my Memorandum of the 9th February regarding trade between Italy and France.

Since sending you my letter the Allied Government have reached new decisions on Italian export policy which affect considerably the interpretation of many of the points contained in my memorandum and will, I think, clarify most of the matters on which you have expressed uncertainty. I therefore attach a further note which brings up to date the views of Allied Commission on the subject of Franco - Italian Trade.

As soon as you have had time to consider this note, I should be grateful if you would advise me which of your Ministers you would like to discuss this matter with the Vice President of the Economic Section.

Yours very truly,

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

- His Excellency Ivanoe BONOMI
The President of the Council of Ministers
Italian Government - R o m e

- Encl. : Note on Franco - Italian Trade.

- Distribution :
M.M. Couve de Murville, French Delegate A.C.I.
General de Sovin, French Representative, Alcom
American Embassy, Mr. Livengood
British Embassy, Mr. Mosworthy
Minister of Industry, Commerce & Labour - Italian Cvt.
AFHQ, G-5 Section (Economics & Supply Division)
C Commission
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18 April 1945

FRANCO - ITALIAN TRADE

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1. The Allied Commission takes note of the Italian Government's reply on "Trade between Italy and France" and wishes to draw the Government's attention to a letter on "Export Policy" dated 18 April by the Vice President, Economic Section, to the Minister of Industry, Commerce and Labour. For easy reference copy of this letter is attached as Appendix I.

2. This letter informs the Italian Government that exports are now classified into two Categories, A and B, and establishes different procedure for each. A list of Category A commodities is included with the Vice President, Economic Section's letter.

3. The Italian Government in its note refers to the Allied Commission's desire to certify the availability for export of materials controlled or restricted by the Allied Forces Local Resources Board and states that it is not aware of the commodities that would be affected by this limitation. The materials concerned, however, are none other than those non-subsistence materials over which the Ministry of Industry, Commerce & Labour has been empowered to exercise control by Ministerial decree together with all foodstuffs over which the High Commission for Food has similar authority. An up-to-date list of non-subsistence Controlled and Restricted Materials is attached as Appendix II.

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4. The certification desired by Allied Commission in the case of such non-subsistence materials and foodstuffs is therefore merely the application to Franco-Italian trade of the principle adopted for Italian exports to all destinations, namely, that the exportable surplus of such materials is to be declared and agreed both by the Italian Government and the Allied authorities before exportation can be effected.

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5. All exports, comprised of surpluses declared as in paragraph 4 plus any other commodities over which there is no local restriction, would now fall into Category A

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or Category B and be dealt with as described in Appendix I. Allied Commission would be concerned with exercising control over the destination of Category A commodities only. For all other commodities on the contrary, it would be the Italian Government's responsibility to make a ripartition if more than one country desires to purchase.

6. The Italian Government observes that the conduct of foreign trade on a Government to Government basis depends not only on the Italian Government but on the French Government. The French Government has in fact expressed its desire that all trade negotiations with Italy should be conducted through the French Delegation in Rome.

7. The Italian Government considers that a declaration by the French of maximum prices they would pay for goods to be exported from Italy would complicate negotiations and have no predical value. This proposal, which was generally in accordance with the procedure hitherto adopted by the U.S. and U.K. Governments, becomes automatically modified by the export policy set out in Appendix I. The Italian Government will be free to obtain the best price it can for Category B commodities. On the contrary the quantity of a Category A commodity which may be sold in any particular market will be determined by the Combined Boards in Washington regardless of differences in purchase price.

8. As far as regards the financial aspect of the resumption of Franco-Italian trade, the Allied

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Government basis depends not only on the Italian Government but on the French Government. The French Government has in fact expressed its desire that all trade negotiations with Italy should be conducted through the French Delegation in Rome.

7. The Italian Government considers that a declaration by the French of maximum prices they would pay for goods to be exported from Italy would complicate negotiations and have no practical value. This proposal, which was generally in accordance with the procedure hitherto adopted by the U.S. and U.K. Governments, becomes automatically modified by the export policy set out in Appendix I. The Italian Government will be free to obtain the best price it can for Category B commodities. On the contrary the quantity of a Category A commodity which may be sold in any particular market will be determined by the Combined Boards in Washington regardless of differences in purchase price.

8. As far as regards the financial aspect of the resumption of Franco-Italian trade, the Allied Commission confirms that the observations made in its memorandum of the 9th February do not necessarily exclude the establishment of a clearing, but wishes to point out that this is a matter that should be the subject of discussion between the Italian Government and the French Authorities.

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APPENDIX I

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref : AC/5127/A/Commerce

EAC/da

18 April 1945

SUBJECT : Export Policy.

TO : H.E. G. GRONCHI - Ministro per l'Industria, per il Commercio e per il Lavoro - Roma.

My dear Mr. Minister,

1. I wish to inform you that discussions between representatives of the civilian agencies of the United States and United Kingdom have resulted in the adoption of the following policies regarding exports from Italy :

2. Classification of Exports - The following classification is adopted for the purpose of marketing and pricing :

A. Commodities exported owing to the supply situation.

B. Commodities exported for commercial reasons.

The following will be included in Category A :

(1) All those products which are on the reserved commodity list of Combined Boards in Washington, which, owing to shortage of supply, require the source of supply to be determined by the Combined

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2. Classification of Exports - The following classification is adopted for the purpose of marketing and pricing :

A. Commodities exported owing to the supply situation.

B. Commodities exported for commercial reasons.

The following will be included in Category A :

(1) All those products which are on the reserved commodity list of Combined Boards in Washington, which, owing to shortage of supply, require the source of supply to be determined by the Combined Board.

(2) Other commodities which the United States, United Kingdom and Canada agree in advance to be necessary for the war effort of the prospective purchasing nations and which should be obtained in Italy for shipping reasons.

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All other products will be included in Category B.

3. Category A products exported for supply reasons.

Marketing. Such commodities must be sold in those markets and quantities which the Combined Boards or other appropriate combined Allied agency may determine.

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Pricing. Prices will be determined by negotiations between buyer and seller (the Italian Government or other supplier). If an agreement is not reached however, this will not prevent the goods from being exported. The Italian Government will receive not less than the ceiling price in the country effecting the purchase, or if there is no ceiling price, the normal selling price in the market where sold, plus any elements of subsidy minus expenses.

If the Italian Government is not satisfied with this price, and if the cost of production in Italy of the commodity is higher than the equivalent in foreign exchange proceeds of sale in the country of destination, the Italian Government may ask of the Allied Commission consideration of price adjustment by the purchaser.

4. Category B - Goods exported for commercial reasons.

Marketing and Pricing. The Italian seller may offer these products for sale in any market it may choose and will be free to obtain the best price it can. However, except where justified by special wartime conditions, the Allied Commission recommends as a general policy that such products should not be offered abroad when the price obtainable in a foreign market is less than the equivalent lira purchase price plus transportation and other charges.

5. Procurement in Italy of goods for export.

Responsibility for procuring all commodities for export, or for making other necessary arrangements for stimulating [illegible] exports, as well as responsibility for pricing all

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sale in the country of destination, the Italian Government may ask of the Allied Commission consideration of price adjustment by the purchaser.

4. Category 3 - Goods exported for commercial reasons.

Marketing and Pricing. The Italian seller may offer these products for sale in any market it may choose and will be free to obtain the best price it can. However, except where justified by special wartime conditions, the Allied Commission recommends as a general policy that such products should not be offered abroad when the price obtainable in a foreign market is less than the equivalent lire purchase price plus transportation and other charges.

5. Procurement in Italy of goods for export.

Responsibility for procuring all commodities for export, or for making other necessary arrangements for stimulating Italian exports, as well as responsibility for pricing all export commodities will be transferred to the Italian Government as quickly as possible. We will withdraw from the procurement of goods in Italy for export and limit its activities to such supervision over exports as may be required to ensure the observation of policies laid down by the Combined Chiefs of Staff, and the carrying out of any procurement responsibilities placed upon the Italian Government. This will not prevent arrangements with the Italian Government, being made for representatives of buyers abroad to negotiate direct with individual producers.

6. Sale of exports from Italy. The objective of this policy is to restore private trade. To this end the Allied Commission desires to examine with the Italian Government

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any problems involved and then recommend to the Allied Governments such modifications of the present procedures as are at present justified in accomplishing the greatest possible restoration of private trading. In the absence of any other arrangements, until the re-establishment of private trading between Italy and other countries, the United States Commercial Company will, as an interim measure, offer its services to the Italian Government on an agency basis for handling the sale of Italian goods abroad. In so far as this offer is accepted, U.S.C.C. will operate in accordance with terms mutually agreed with the Italian Government, and subject to the limitations referred to in the preceding paragraphs.

The United Kingdom Commercial Corporation will be unable to operate in the same way as the U.S.C.C. but designated agencies of the British Government will gladly help the Italian Government to make arrangements for trade with other countries.

7. List of Category A commodities is given in Appendices A (1), A (2), A (3) and A (4).

A. C. ARTAUD
Acting Vice President
Economic Section

4 Encl.

Copy to : Istituto Nazionale per il Commercio Estero, Rome

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A. G. ANTOLINI
Acting Vice President
Economic Section

4 Encl.

Copy to : Istituto Nazionale per il Commercio Estero, Roma
- AFHQ, G-5 Section (Economics & Supply Division)
- Mr. Di Nola, Ministero degli Affari Esteri
- Mr. Livengood, American Embassy
- Mr. Hoseworthy, British Embassy

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APPENDIX "A" (1)

ORDERED BY MATERIALS BOARD RESERVED COMMODITY LIST

1. Animal bristles
2. Asbestos (spinning grades only)
3. Bismuth
4. Cadmium
5. Casein
6. Chromite
7. Copal gum
8. Copper
9. Copper Sulphate
10. Cordage fibres (manila, sisal hemp, henequen) and cordage manufactures.
11. Corundum
12. Cotton (long staple only)
13. Glue stock and glue bones
14. Hides, skins and leather, and tanning materials -
15. Jute and jute manufactures
17. Lead
18. Lumber (including mining timber, railway sleepers, poles, plywood)
19. Manganese
20. Mica
21. Nickel
22. Nylon
23. Platinum
24. Pulpwood, pulp, paper, paperboard -
25. Pyrethrum
26. Pyrites
27. Rotenone
28. Rubber (crude and synthetic together with carbon black)
29. Silk
30. Tin

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5. Casein

6. Chromite

7. Copal gum

8. Copper

9. Copper Sulphate

10. Cordage fibres (manila, sisal henp, henequen) and cordage manufactures.

11. Corundum

12. Cotton (long staple only)

13. Gluestock and glue bones

14. Hides, skins and leather, and tanning materials -

15. Jute and Jute manufactures

16. Kapok

20. Mica

21. Nickel

22. Nylon

23. Platinum

24. Pulpwood, pulp, paper, paperboard -

25. Pyrethrum

26. Pyrites

27. Rotenone

28. Rubber (crude and synthetic together with carbon black)

29. Silk

30. Tin

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22 3(a) Except in the case of manganese and chromite or as otherwise stated the metals listed should be read to include the metals themselves and their ores and concentrates, but not their semi-manufactures.

(b) In the case of hides and bristles it is not the intention of the Board to determine sources of supply in respect of certain types which are in surplus supply. It will be necessary, however, for the Board to examine requirements before this decision can be arrived at in each case, and requirements of skins and bristles should be presented in terms of types, grades and sizes.

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APPENDIX A(2)

COMBINED FOOD BOARD REVISED COMMODITY LIST

1. Animal Feeding Stuffs : Fish meal; whole tankage;(or guano); Tankage; Bone Meal; Blood meal; Grease cakes; Oil cakes and meals (all types); mixed feed.

2. Cereals : Wheat and Wheat Flour; Rice, whole and broken.

3. Citric and Tarteric Acid : Citric and turteric acid, inclusive of argols, wine lees, etc.

4. Cocoa : Cocoa beans and all products.

5. Dairy Products : Butter; Cheese, natural & processed; Milk : Evaporated dried whole, sweetened condensed, roller skim and spray skim.

6. Essential Oils : All kinds used in food flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).

7. Fats and Oils : All fats and oils (edible and non-edible); All oil-bearing seeds; Soap.

8. Fertilisers : Nitrogenous, phosphatic (including rock) and potassic.

9. Fish : Salted cod, saithe and ling; Canned fish, haddock, hake, cusk pollock.

10. Fruits : Dried fruit (i.e. dates, figs, apples, apricots, raisins and currents, peaches, pears and prunes).

11. Meat : Fresh or frozen, cured; canned and dehydrated meat (excluding poultry).

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6. Essential Oils : All kinds used in food flavoring (i.e. lemon oil, bitter orange oil, sweet orange oil, tangerine oil).

7. Fats and Oils : All fats and oils (edible and non-edible); All oil-bearing seeds; Soap.

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9. Fish : Salted cod, saithe and ling; Canned fish, haddock, hake, cusk pollock.

10. Fruits : Dried fruit (i.e. dates, figs, apples, apricots, raisins and currants, peaches, pears and prunes).

11. Meat : Fresh or frozen, cured; canned and dehydrated meat (excluding poultry).

12. Pulses : Beans, peas, lentils.

2274 13. Seeds : All field and vegetable seeds.

14. Soap : Soap (Note : covered in General Heading No. 7 above).

15. Spices : Cinnamon quills, Mace, Nutmeg, pepper.

16. Sugar : Raw and refined.

17. Tea

18. Vitamins : Synthetic vitamins, i.e., ascorbic, niacin, riboflavin and thiamine.

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APPENDIX A (3)

1. Public Utilities Equipment :

   a. Power Equipment
   b. Manufactured Gas Equipment
   c. Water Supply and Sewage Equipment
   d. Communications Equipment
   e. Point-to-point Radio Equipment
   f. Spare Parts for the above equipment

2. Transportation Equipment :

   a. Locomotives
      Rolling Stock

   b. Trucks
      Replacement Parts including Batteries

   c. Tires and Tubes

3. Agricultural Machinery and Equipment (excluding hand tools) :

4. Medical Supplies :

   a. Drugs :

      Cinchona Bark and Derivatives
      Ipecac and Derivatives

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f. Spare Parts for the above equipment

2. Transportation Equipment :

a. Locomotives
Rolling Stock

b. Trucks
Replacement Parts including Batteries

c. Tires and Tubes

3. Agricultural Machinery and Equipment (excluding hand tools) :

4. Medical Supplies :

a. Drugs :

Cinchona Bark and Derivatives
Ipecac and Derivatives
Penicillin
Narcotics

b. Dental Equipment :

Dental Burrs
Dental Angle Hand-Pieces

c. Laboratory Equipment :

Analytical balances (sensitivity 1/20 mg. or more sensitive)
Centrifuges (having a value of more than $ 50.00)
Microscopes, medical
Vacuum pumps (1 micron or higher vacuum)
X-Ray Film

d. D.D.T.

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5. Leather Products :

a. Footwear
b. Other leather products
c. Non-leather material for the production and repair of footwear.

Note : Hides, skins and leather included on CCEA list.

6. Coal and Coke

7. Coal Mining Machinery (Underground) :

a.	Cutting Machines	-	Shortwall and longwall
b.	Cutting Machines	-	Universal and Arcwall
c.	Loaders	-	Crawler
d.	Loaders	-	Track
e.	Conveyors	-	Chain and Elevating
f.	Conveyors	-	Belt
g.	Conveyors	-	Shaker
h.	Mine Locomotives		
i.	Cars	-	Mine
j.	Cars	-	Shuttle
k.	Drills	-	Electric
l.	Mine Crawler Trucks	-	
m.	Hoists	-	Coal Mine Type
n.	Repair Parts for the above	-	

8. Textile

Yarns, and fabrics of cotton, wool and rayon, and articles made therefrom, including the following :

a. All fabrics for clothing, household or other uses made from cotton, wool or rayon whether woven or knitted.

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a.	Cutting Machines	- Shortwall and longwall
b.	Cutting Machines	- Universal and Arcwall
c.	Loaders	- Crawler
d.	Loaders	- Track
e.	Conveyors	- Chain and Elevating
f.	Conveyors	- Belt
g.	Conveyors	- Shaker
h.	Mine Locomotives	- Mine
i.	Cars	- Shuttle
j.	Cars	- Electric
k.	Drills	-
l.	Mine Crawler Trucks	- Coal Mine Type
m.	Hoists	-
n.	Repair Parts for the above	-

8. Textile

Yarns, and fabrics of cotton, wool and rayon, and articles made therefrom, including the following :

a. All fabrics for clothing, household or other uses made from cotton, wool or rayon whether woven or knitted.

b. All clothing, household textile and other fabricated articles made of cotton, wool or rayon, whether woven or knitted.

c. All yarns of cotton, wool or rayon.

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d. All fabricated articles from yarn or cotton, wool or rayon including fishnets and fishnet twine, sewing thread, yarn for mending and darning.

e. Tire cord.

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a.	Cutting Machines	- Shortwall and longwall
b.	Cutting Machines	- Universal and Arcwall
c.	Loaders	- Crawler
d.	Loaders	- Track
e.	Conveyors	- Chain and Elevating
f.	Conveyors	- Belt
g.	Conveyors	- Shaker
h.	Mine Locomotives	
i.	Cars	- Mine
j.	Cars	- Shuttle
k.	Drills	- Electric
l.	Mine Crawler Tracks	-
m.	Points	- Coal Mine Type
n.	Repair Parts for the above	-

8. Textile

Yarns, and fabrics of cotton, wool and rayon, and articles made therefrom, including the following :

a. All fabrics for clothing, household or other uses made from cotton, wool or rayon whether woven or knitted.

b. All clothing, household textile and other fabricated articles made of cotton, wool or rayon, whether woven or knitted.

c. All yarns of cotton, wool or rayon.

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e. Tire cord.

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APPENDIX A(4)

OTHER COMMODITIES AT PRESENT CLASSIFIED IN CATEGORY A BY AGREEMENT BETWEEN U.S., U.K. AND CANADA AS RESPONSIBILITY FOR THE WAR EFFORT -

1. Citrus Juices (unconcentrated and concentrated)

2. Fresh Citrus Fruit

3. Tomato Paste and Canned Tomatoes.

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2. Dried juices (concentrated and unconcentrated)

2. Fresh citrus fruit

3. Tomato paste and canned tomatoes.

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2. Citrus Juices (unconcentrated and concentrated)

2. Fresh Citrus Fruit

3. Tomato Paste and Canned Tomatoes.

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(16) APP A(4)

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pubblicazione non autorizzata

Tutto il commercio con l'estero è accentrato in un unico ente

Lineamenti di una disciplina per l'avviamento dei primi traffici con gli alleati e per il flusso dei capitali che ne costituiscono la base finanziaria

I nostri scambi con gli alleati — finchè durano le particolari esigenze di guerra — sono accentrati nell'Istituto per il Commercio estero che ha il compito di autorizzare le esportazioni e di ripartire le merci importate.

Nel corso delle conversazioni della Missione Quintieri-Mattioli, il governo degli Stati Uniti ha espresso il desiderio che l'Italia adotti una politica economica che faciliti l'espansione del suo commercio con l'estero attraverso la intermediazione privata.

Tuttavia è stato ritenuto, da parte degli organi competenti, che l'avviamento dei primi traffici con gli alleati sia attuato per mezzo di una disciplina che, da una parte, accentri in un unico ente il meccanismo economico degli scambi commerciali e, dall'altra, faccia convergere in un unico organismo bancario il flusso dei capitali che ne costituiscono la base finanziaria.

Infatti, secondo lo schema di provvedimento che dovrà regolare il sistema degli scambi commerciali con gli alleati, nelle due correnti dell'importazione e dell'esportazione, verrebbe affidato all'Istituto per il Commercio Estero (I. C. E.) il compito di distribuire le merci importate e di autorizzare l'esportazione di quelle destinate alle autorità alleate, mentre la Banca d'Italia sarebbe incaricata di effettuare l'incasso del prezzo per i prodotti importati e di eseguire i pagamenti per quelli esportati.

Il progetto

In particolare, il progetto stabilisce che le merci importate saranno impartite dal Ministero dell'Industria, Commercio e Lavoro e dagli altri Ministeri competenti per materia.

Le merci destinate alle aziende per effettuarne la lavorazione o per impiegarle come strumenti di lavoro (macchinari, utensili ecc.), potranno esser prese direttamente in consegna dai destinatari.

Spetta all'I. C. E. di controllare le operazioni di importazione, di ritiro dei prodotti, di versamento del relativo prezzo da parte degli assegnatari, nonchè di emettere gli ordini di consegna in base ai quali essi dovranno distribuire i prodotti avuti in carico.

Conto provvisorio

Il prezzo delle merci ricevute, stabilito preventivamente dal Ministero Ind. Comm. e Lavoro o dalle altre amministrazioni, sarà versato dagli assegnatari in un conto provvisorio aperto dall'I. C. E. presso la Banca d'Italia, salvo conguagli e integrazioni all'atto della liquidazione definitiva. Verrà accreditato all'I. C. E. un diritto di commissione, a titolo di rimborso spese pari al 0,75 per cento per i prodotti destinati al commercio e al 0,50 per cento per gli altri prodotti. Per il caso che, al momento della consegna, non sia stato ancora fissato il prezzo, ne sarà stabilito uno provvisorio che verrà versato dagli assegnatari, salvo il conguaglio con il prezzo definitivo.

Gli assegnatari fattureranno agli acquirenti le merci loro affidate al prezzo e con le modalità che verranno stabilite dall'I. C. E., prezzo il quale sarà comprensivo delle spese di trasporto, assicurazione, dazio, ecc. Il ricavo della vendita sarà versato dagli assegnatari in un conto provvisorio aperto dall'I. C. E. presso la Banca d'Italia.

Le somme così versate dagli assegnatari saranno ripartite dall'I. C. E. in base alle disposizioni che

I nostri scambi con gli alleati — finchè durano le particolari esigenze di guerra — sono accentrati nell'Istituto per il Commercio estero che ha il compito di autorizzare le esportazioni e di ripartire le merci importate.

Nel corso delle conversazioni della Missione Quintieri-Matthews, il governo degli Stati Uniti ha espresso il desiderio che l'Italia adotti una politica economica che faciliti l'espansione del suo commercio con l'estero attraverso la intermediazione privata.

Tuttavia è stato ritenuto, da parte degli organi competenti, che l'avviamento dei primi traffici con gli alleati sia attuato per mezzo di una disciplina che, da una parte, accentri in un unico ente il meccanismo economico degli scambi commerciali e, dall'altra, faccia convergere in un unico organismo bancario il flusso dei capitali che ne costituiscono la base finanziaria.

Infatti, secondo lo schema di provvedimento che dovrà regolare il sistema degli scambi commerciali con gli alleati, nelle due correnti dell'importazione e dell'esportazione, verrebbe affidato all'Istituto per il Commercio Estero (I. C. E.) il compito di distribuire le merci importate e di autorizzare l'esportazione di quelle destinate alle autorità alleate, mentre la Banca d'Italia sarebbe incaricata di effettuare l'incasso del prezzo per i prodotti importati e di eseguire i pagamenti per quelli esportati.

Il progetto

In particolare, il progetto stabilisce che i prodotti che verranno forniti dagli alleati al Governo italiano dovranno essere affidati all'I. C. E. a mezzo di aziende, organismi o enti ritenuti idonei, i quali li prenderanno in consegna e provvederanno al pagamento e alla successiva cessione in base alle disposizioni che dell'Industria, Commercio e Lavoro e dagli altri Ministeri competenti per materia.

Le merci destinate alle aziende per effettuarne la lavorazione o per impiegarle come strumenti di lavoro (macchinari, utensili ecc.), potranno esser prese direttamente in consegna dai destinatari.

Spetta all'I. C. E. di controllare le operazioni di importazione, di ritiro dei prodotti, di versamento del relativo prezzo da parte degli assegnatari, nonchè di emettere gli ordini di consegna in base ai quali essi dovranno distribuire i prodotti avuti in carico.

Conto provvisorio

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Gli assegnatari fattureranno agli acquirenti le merci loro affidate al prezzo e con le modalità che verranno stabilite dall'I. C. E., prezzo il quale sarà comprensivo non soltanto di quello già versato dagli assegnatari e delle spese incontrate, ma anche di un diritto di commissione a favore degli assegnatari stessi, che sarà preventivamente determinato e commisurato in relazione alle operazioni che questi dovranno svolgere, ovvero a forfait.

Dopo ultimata la vendita di una partita di merci, gli assegna-

dito che, dal movimento di scambi determinato dalla ripresa dei traffici con l'estero, hanno pur ragione di attendersi un giusto incremento dei loro affari.

Tessili dell'Europa per gli americani

WASHINGTON, 29.

Il Dipartimento della guerra ha annunciato che nove tra i principali industriali tessili degli Stati Uniti collaboreranno alla riorganizzazione degli stabilimenti tessili in Francia e Belgio per la produzione di materiale di equipaggiamento per le forze americane. Gli industriali americani, dopo aver ispezionato i centri tessili franco-belgi, riferiranno al Gen. Eisenhower. Scopo di questa produzione locale è di economizzare i trasporti marittimi. (INS)

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

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

CC 817
MAR 28 PECD

Translation

The President of the Council of Ministers
42/0331/11

To Admiral Stone
Allied Commission

Rome, 27 March 1945

Dear Admiral,

I thank you for your kind letter of the 17th February in which you sent me a memorandum on Franco-Italian trade, showing the point of view of the Allied Commission, on this important subject.

First of all, I want to emphasize the gratefulness of the Italian Government for the agreement, expressed by the Allied Commission, to the resumption of commercial relations between Italy and France: this will be a most useful complement to the diplomatic relations which were been reestablished between both countries. I have been informed that the Allied Commission expressed the wish that Italy would also resume commercial relations with the neutral countries.

Therefore, in the name of the Italian Government, I express the hope that these declarations will soon be completed by a further statement about the faculty, which is to be granted to Italy, of reestablishing commercial relations, as soon as possible, with all the countries which are not at war with the United Nations.

In reference with the memorandum enclosed with your letter, I take the liberty of enclosing a few observations, which aim at showing that some of the conditions which would have to be fulfilled to make possible the resumption of trade between Italy and France would be difficult to realize and that their realization does not depend from the Italian Government, or not from it only.

Considering that the conditions for the resumption of trade with France and with neutral countries are substantially the same, and considering the technical nature of the problems which are to be considered, I think it would be useful for this argument to be discussed by the competent organs of the Allied Commission and the competent Italian Ministers, to clear doubtful points and examine whether the conditions themselves couldn't be simplified or made lighter.

The resumption of commercial relations between Italy and all non-enemy countries will greatly contribute to better the economic conditions of Italy. For this reason, the Allied Commission was favourable to the resumption of trade between Italy on one side and France and neutral countries on the other.

I therefore trust that the Allied Commission will help us by every means to reach this aim, giving the greatest possible liberty to the Italian Government, so that the negotiations which will have to be made with the other States may reach a favourable end.

2272 I am most grateful for your kind interest, and I remain, my dear Admiral,

EC COMM DIST - 28 Mar.
ACTION: ECON SEC (2)
INFO: CHIEF COMM
EXEC COMM

Truly yours,

S. I. Bonomi

Translation

COMMERCE BETWEEN ITALY AND FRANCE

1) - The R. Government recognizes the wish of the Allied Commission for commerce between Italy and France to be re-established as soon as possible on mutually advantageous basis. On its part, the R. Government shares this wish, and hopes that the resumption of diplomatic relations with this Country which lately took place, may facilitate the reaching of this aim.

2) - The R. Government also recognizes that the Allied Commission thinks that the relative negotiations should be made directly by the competent French and Italian authorities, not through the channel of the Allied Commission. The said Commission however, wishes to be informed about the progress of the commercial negotiations, and will ask the R. Government for periodical reports on the state of the commerce and exchange relations between Italy and France.

For what concerns the request for informations, the R. Government says that it interprets the request according to the litteral signification of the words in which it is expressed and that it will therefore inform the Allied Commission of the progress ~~of the progress~~ of the negotiations with France, without waiting for precise indications about further developments. In fact, the interference of the Allied Commission in the negotiations would take from them their character of direct negotiations, which the Commission itself thinks they ought to have, and could compromise their results by making them more complicated. For what concerns the periodical reports on the state of the commercial relations between Italy and France, the R. Government states that as far as possible, it will try to meet such requests.

3) - For what concerns such Italian products as can be exported, the Allied Commission intends to keep the right of determining the amount of products which can be disposed of for exportation, this in the case of goods which are submitted to the control or to restrictions of the allied office for local resources. The R. Government cannot realize the importance of such a request for it doesn't know the list of the goods which would be under this restriction. It therefore asks for this list to be supplied so that it can examine it, and hopes that it will only contain goods of a special war interest, for every unnecessary restriction can but prejudice the resumption of commercial relations between Italy and foreign countries, the main difficulty being the scarcity of Italian products which can be offered as counterpart for the considerable imports required by Italy.

Besides, the Authorities in charge of the supplies intend to be consulted through the channel of the Allied Commission and to be able to decide about the destination of the other Italian products, should these be requested by several markets.

There are probably no Italian products which would be required on one market [illegible] therefore, the above mentioned condition is likely to be that of all pro- [illegible] have to contact, through A.C., the

Declassified E.O. 12356 Section 3.3/NND No. 765015

of the progress of the progress of the negotiations with France, without waiting for precise indications about further developments. In fact, the interference of the Allied Commission in the negotiations would take from them their character of direct negotiations, which the Commission itself thinks they ought to have, and could compromise their results by making them more complicated. For what concerns the periodical reports on the state of the commercial relations between Italy and France, the R. Government states that as far as possible, it will try to meet such requests.

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Besides, the Authorities in charge of the supplies intend to be consulted through the channel of the Allied Commission and to be able to decide about the destination of the other Italian products, should these be requested by several markets.

There are probably no Italian products which would be required on one market only. Therefore, the above mentioned condition is likely to be that of all products, so that the R. Government would always have to contact, through A.C., the Authorities in charge of supplies, to know whether a certain good can or cannot be destined to a certain market; and this without mentioning the still more serious restrictions established for the goods controlled by the Allied Office for local resources, which we mentined before.

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These restrictions cannot but complicate the negotiations with France, as well as with other states, and hinder the resumption of commercial relations. To decide whether it is advisable to export a certain good in one country rather than in another, depends not only on the better price which can be obtained, but also on the state of financial relations with this country, on the need of establishing a greater counterpart to the exports, which it can offer in advantageous conditions, on the minor difficulties of the goods transport, in comparison with the transport towards other countries, or of two or more of these conditions at the same time.

It is necessary for the R. Govt. to have a certain freedom of decision and movements, if Italy is to overcome the many difficulties with which she will be met in the resumption of international trade.

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4) - The Allied Commission thinks that Franco Italian commerce must be run on the basis of relations between Government and Government, private trade remaining for the moment forbidden.

The R. Government takes the liberty of pointing out that such a condition does not depend from the Italian Government only, but also from the French Government or from any other Government with which Italy will negotiate for the resumption of commercial relations. If we consider that, to establish a monopoly on foreign trade or even a strict control on international commerce it is necessary to adopt a series of regulations, which many countries didn't adopt and are probably unwilling to adopt, we must acknowledge that should this condition be maintained, it might, alone, be enough to prevent the resumption of commercial relations with one or more countries.

5) - The Allied Government wish to make sure that the commerce between Italy and France will not interfere with the purchases of the Allies in Italy and in France.

The R. Government takes the liberty of pointing out that the fulfilment of this condition for what concerns the goods which France is disposed to supply to Italy, depends from the French Government and not from the Italian Government.

6) - The Allied Commission asks that, at the beginning of the negotiations, the French Government should declare the maximum prices which it is ready to pay for Italian goods, and that it should immediately be informed about these prices. It is not said whether the Allied Commission means to interfere in the negotiations, preventing, for instance, France from paying higher prices than those which the Allied are willing topay for the same goods. It seems that this must be the aim.

The R. Government takes the liberty of pointing oit that this clause which will certainly complicate the negotiations, seems to be of no great practical utility.

In fact, in the case of goods controlled by the Allied Office for local resources, the Allied Commission, as it has been seen before, keeps the right of determining the amountswhich can be exported; it is therefore excluded that price competition might alter their repartition among the requirements of the Allies and those of other countries. In the case of all the other goods, it seems that there can be no disadvantage from the pointof view of the Allies if they must make offers equal to that of the other countries, for the price which they credit to the Italian Government is that produced by the sale of Italian goods on their own markets.

7) - For what concerns the financial reports which will be the consequence of the resumption of commercial relations with France, the Royal Government considers that the observations made on this subject by the Allied Commission, do not exclude the possibility for Italy to establish a commercial clearing with France, in which case, the total amount of the credits in francs, which Italy would obtain through

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

6) - The Allied Commission asks that, at the beginning of the negotiations, the French Government should declare the maximum prices which it is ready to pay for Italian goods, and that it should immediately be informed about these prices. It is not said whether the Allied Commission means to interfere in the negotiations, preventing, for instance, France from paying higher prices than those which the Allied are willing topay for the same goods. It seems that this must be the aim.

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

SECRET

FX 48401
MARCH 23/1449

D/5853
MARCH 23/2027
ROUTINE

AFHQ SIGNED ALEXANDER CITE FWDG, FWDX

ACMAC REPEATED FOR INFORMATION TO ASSCO FOR BCS AND BG ALCOM ROME

SACMED.

Refer FX 54719 of 17 March.

Accounting for Italian imports and experts is subject.

1. Requirement in your para 1 that some Allied personnel under control SACMED must make check of imports of civilian supplies not regarded practicable. Manpower shortage makes check of military cargo by Allied personnel impossible and neither AC nor military can undertake such check for civilian supplies. Absolutely essential depend on receiving reports prepared by Italian agencies as per para 3 of MAT 419. Moreover in certain areas such as SICILY and SARDINIA the Allied establishment very largely has been withdrawn.

2. Urge strongly that consideration again be given to recommendation in para 4 of MAT 419 that Italian Government be charged on basis quantities shipped, as matter practical necessity

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DIST

INFO-ACTION: ECON S&C (4)
INFO : A/PRESIDENT
CHIEF COMMISSIONER
EST S&C
FILE (2)
FLOAT

SECRET

APPENDIX II

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCIAL SUBCOMMISSION
Availability Section

Ref. AC/5190/Commerce

CAM/lp
16 March 1945

LIST OF CONTROLLED MATERIALS

A. 1st CATEGORY - LIST OF MATERIALS CONTROLLED BY AFLR(I)B

a. Controlled by Engineering Materials Committee.

I. Metals - Ferrous.

1. Cable & Wire
2. Machine & Tool steel
3. Structural Steel, sectional dimension exceeding mm.150
4. Foundry Pig.

II. Metals - Non ferrous.

5. Brass, unfabricated
6. Copper, unfabricated and scrap
7. Chromium
8. Lead in all forms
9. Nickel
10. Solder
11. Tin
12. White metal for bearings

III. Timber.

13. Standing timber in the two areas reserved for British and American services in Calabria.
14. Plywood

IV. Other Building Materials.

15. Paint

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I. Metals - Ferrous.

1. Cable & Wire
2. Machine & Tool steel
3. Structural Steel, sectional dimension exceeding mm.150
4. Foundry Pig.

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9. Nickel
10. Solder
11. Tin
12. White metal for bearings

III. Timber.

13. Standing timber in the two areas reserved for British and American services in Calabria.
14. Plywood

IV. Other Building Materials.

15. Paint
16. Pigments for paint
17. Varnish
18. Linseed & Linseed Oil
18.A. Cement all qualities.

V. Electrical Materials.

19. Accumulators & Batteries
20. Copper and Aluminium conductors
21. Electric Light bulbs
22. Electric Light fittings
23. Motors
24. Portable generators
25. Switch gear
26. Transformers
27. Welding rods.
28. Wires & Cables

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VI. Industrial Gases & Chemicals.

29. Gas bottles and containers
30. Ammonia
31. Caustic Soda
32. Calcium Carbide
32A. Soda Ash

b. Controlled by Miscellaneous Purposes Committee

VII.33. Hemp: raw, tow and manufactured (excluding binder twine & 3rd, 4th and 5th quality rope).
34. Leather and all leather articles.

B. 2nd CATEGORY - RESTRICTED MATERIALS (MATERIALS CONTROLLED WITH PRIORITY FOR CIVILIAN NEEDS).

1. Matches
2. Phosphate Rock
3. Tanning Materials
4. Cellulose for paper-making
5. Carbon Bisulphide
6. Soap

C. 3rd CATEGORY - MATERIALS CONTROLLED BY THE MINISTRY OF INDUSTRY COMMERCE AND LABOUR

I. Metals.

1. Iron bars, iron plates, tin plates
2. Steel - in blooms, ingots, billets and slabs - other than special machine and tool steel.
3. Structural steel, sectional dimension of 150 mm. or less.
4. Aluminium in pig, ingots, plates or semifinished materials (rolled, drawing, powders, grains, etc.).
5. Scrap metals other than copper and lead already mentioned in category 1, para II.
6. Aluminium scraps.

II. Building Materials.

7. Trunks only of: fir, larch, pine and chestnut tree, average sectional dimension not less than 15 cms.

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

4. Cellulose for paper-making
5. Carbon Bisulphide
6. Soap

C. 3rd CATEGORY - MATERIALS CONTROLLED BY THE MINISTRY OF INDUSTRY COMMERCE AND LABOUR

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3. Structural steel, sectional dimension of 150 mm. or less.
4. Aluminium in pig, ingots, plates or semifinished materials (rolled, drawing, powders, grains, etc.).
5. Scrap metals other than copper and lead already mentioned in category 1, para II.
6. Aluminium scraps.

II. Building Materials.

7. Trunks only of: fir, larch, pine and chestnut tree, average sectional dimension not less than 15 cms.
8. Sawn timber of the above mentioned trees (small boards, planks, big planks, cants etc.) with a thickness of 20 mm. or more.
9. Beams of the above mentioned trees regardless of manufacture (axed or sawn), sectional dimension not less than 15 x 15 cms.
10. Small beams of the above mentioned trees regardless of manufacture (axed or sawn), sectional dimension not less than 7 x 7 cms.
11. Slats of the above mentioned trees regardless to their sectional dimension and length.
12. Glass (sheet).

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

III . Greases and solvents

I5. Greases for industrial purposes, excluding petroleum products (I).
I4. Solvents: (carbon tetrachloride, trioline, excluding petroleum products). (I)

IV . Textile fibres.

I5. Artificial textile fibres
I6. Cotton, cloth and other textile products.
I7. Binder twine and 3rd, 4th and 5th quality rope.
17 a Raw silk, yarn waste.

V Miscellaneous

I8. Sulphuric acid (pure, to be employed for electrical accumulators).
I9. Sulphur rock and processed sulphur.

D. 4th CATEGORY - MATERIALS UNDER SPECIAL CONTROL.

1. Solid fuel.
2. P.O.L. (Petroleum products, oils and lubricants), methane gas.
3. Newsprint and printing paper (for the Provinces given back to the Administration of the Italian Government and for Naples).

(I) Petroleum greases for industrial purposes, petroleum lubricants and solvents must be considered as P.O.L. products.

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

assumidores).

19. Sulphur rock and processed sulphur.

D. 4th CATEGORY - MATERIALS UNDER SPECIAL CONTROL.

1. Solid fuel.
2. P.O.L. (Petroleum products, oils and lubricants), methane gas.
3. Newsprint and printing paper (for the Provinces given back to the Administration of the Italian Government and for Naples).

(I) Petroleum greases for industrial purposes, petroleum lubricants and solvents must be considered as P.O.L. products.

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

CC

MAR 1 1945

Ref: SS/43.05

28 February 45

My dear M. Couve de Murville:

I have your memorandum of 15 February 1945, which was given to our Commerce Sub-Commission, suggesting that matters effecting trade between France and Italy be handled in Rome between the French Delegation and the Allied Commission.

We are, of course, always glad to consult with you and members of your delegation on French-Italian trade, since there are many problems in this field which are of mutual interest. In view, however, of the instructions of the Combined Chiefs of Staff in Washington, under which this Commission operates, it will not be possible for the Commission to act as intermediary between the French and Italian Governments on day-to-day questions of commercial and financial intercourse between France and Italy.

Pursuant to the instructions referred to, we have drafted the attached memorandum which is in the form of a suggestion to the Italian Government as to the method by which trade between France and Italy might be reopened. We are discussing this draft with the Italian Government, and would very much appreciate the views of your Government before any trade procedure is crystallized.

Yours very truly,

/s/ KILLERY W. STONE
Rear Admiral, USN
Chief Commissioner

M. M. Couve de Murville
French Delegation
Advisory Council for Italy
Palazzo Farnese
Rome

Distribution:
CC Files (1)
EC Files (2)
Econ Sec Files (2)
Ex Dir ES (1)

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Encl. Memorandum on "Trade Between France and Italy"

COPY

HEADQUARTERS ALLIED COMMISSION
APO 394

9 February 1945

TRADE BETWEEN FRANCE AND ITALY

1. It is the desire of the Allied Commission that trade between Italy and France be reestablished on a mutually advantageous basis as soon as possible.

2. The Allied Commission will do everything it can to facilitate such trade, and assumes that the negotiations incident to such trade should be conducted directly between the appropriate Italian and French authorities, not through the Allied Commission.

3. The Allied Commission, on behalf of the Allied Governments, will be particularly interested in the following aspects of French-Italian trade:

a) Where materials are on the controlled or restricted lists of the Allied Force Local Resources Board, AC will need to certify the specified quantities of specified commodities which are available in Italy to be exported.

b) Where commodities available for export from Italy are required by several nations, they should be referred through AC to the combined supply authorities for allocation as to destination.

c) Allied Commission will bid for acceptance at military ports in Italy, or incoming and outgoing cargoes, and will also have an interest in acceptance at non-military ports.

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

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c) Allied Commission will bid for acceptance at military ports in Italy, or incoming and outgoing cargoes, and will also have an interest in acceptance at non-military ports.

d) It is assumed that Italian trade with France will be conducted on a Government-to-Government basis, prohibiting private trade for the time being.

2263.

e) The Allied Governments will wish to make sure that trade between Italy and France does not interfere with purchases by the Allies in Italy or France.

f) Allied Commission will need to be kept informed regarding the progress of trade negotiations, and will request from the Italian Government certain periodic reports of the status of trade and exchange relationships between Italy and the French.

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

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2263.

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

4. It is the desire of the Allied Commission to avoid competitive bidding in Italy on the prices of goods to be exported. For this reason it is requested that maximum purchase prices be stated by the French at the outset of any series of negotiations, and that these prices be notified to AC at the earliest possible moment.

5. With regard to the financial aspect, it is assumed that the Italian Government will discuss with the French whether they wish to extend the mechanism of the memorandum account at present in force in North Africa to Metropolitan France. If this is done, it must be agreed that the franc balance in favor of Italy, if any, be made available to the Italian Government for franc expenditures in French territory for the following purposes:

a) Essential import needs of Italy

b) Essential diplomatic, consular, or military expenditure

c) Essential expenditures to keep Italian vessels in operation

d) Any other specific items of expenditure that may be approved by the Allied Commission from time to time.

It must be clearly understood that all expenditures by the Italian Government out of its French franc balances will require the prior approval of the Allied Commission through the Finance Sub Commission.

6. In general, it is hoped that trade between France and Italy can be developed in such a way as to decrease the extent to which the two countries

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

balance in favor of Italy, if any, be made available to the Italian Government for franc expenditures in French territory for the following purposes:

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d) Any other specific items of expendure that may be approved by the Allied Commission from time to time.

It must be clearly understood that all expenditures by the Italian Government out of its French franc balances will require the prior approval of the Allied Commission through the Finance Sub Commission.

6. In general, it is hoped that trade between France and Italy can be developed in such a way as to decrease the extent to which the two countries need to depend for supplies on the United States and British assistance.

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

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

Translation

NATIONAL ASSOCIATIONS OF FIRMS FOR OVERSEAS TRADE
(General Merchants)

Rome, 22 February 1945
Via Torino 107

Subject: Constitution of the Association Firms for Overseas Trade (General Merchants).

Considering that foreign trade is being reconstituted, we have founded a national Association of Firms for Overseas Trade which will supervise the late acts of the associated firms, helping by every means their economic development.

The organization - formed through the voluntary adhesion of overseas firms - means to take action to hasten the removal of the restrictions in foreign trade and chiefly in overseas trade, preparing private initiative to the resumption of their normal activities when international conditions will allow it.

Besides supervising the above mentioned interests, the new Association aims at supplying the competent authorities with a well equipped technical organ to promote with efficiency the development of import, export and transit trade.

The first board of administrators is composed as follows:
Prof. Dr. Giorgio Mortara - Chairman — Prof Giovanni Confalonieri - Advisor
Col. Emanuele Patierno - Vice Chairman Comm. Giuseppe Lauricella - A
Conte Annibale Rucellai - Advisor — Dr. A. Tratti - M
Giorgio Perro

The board of advice is composed of:
Effective members: Franco Datto Dalmazio
Salvino Sino
Leonardi Avv. Rag. Mario
Members not substitute: Micheli Ugo
Lualdi Dr. Giovanni

Later on, the Association will be come more numerous with the participation of the firms belonging to the Provinces which will be liberated.

The Association is ready to co-operate in the sector of overseas trade.

The President
G. G. Mortara

Admiral Stone
Chief Commissioner
Allied Commission
Rome

e.c.

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ACTION - Econ Sec
INFO - Chief Comm
Exec Comm

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

FEB 2 3 RECD

Rome, Italy.
February 22, 1945.

Dear Admiral Stone:

I have just received your letter of February 21 with regard to discussions to be held by the Economic Section with the Italian Interministerial Committee for Reconstruction, and although I have not yet received from my Government instructions in the premises I hope that the Economic Section will be good enough to continue to keep Mr. Livengood informed of any developments in the matter.

Very truly yours,

C. Reich

2262 Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
R o m e.

Copy sent to Economic Section.
Exec Comm

0971

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

CC 4004 22 February 1945

MEMORANDUM TO: Economic Section.
Attention: Mr. Cleveland.

Attached is a copy of a letter just received from the American Embassy on the subject of trading with neutrals. Please note that it is not a reply to the letter which you drafted for the Admiral's signature dated 21 February.

J. A. QUAILE
Major, U. S. A.
Staff Officer to CC

Encl. 1 - Ltr of 7/2

cc: Ec. Com.
CC files

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

FEB 22 RECD

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Rome, Italy,
February 21, 1945.

Dear Admiral Stone:

Your letter of February 16, 1945, enclosing a memorandum on trade between Italy and neutral countries was duly received.

With reference to your invitation for comments on the memorandum, I hope to be able to reply shortly and to make my remarks more useful to you by presenting such views as the Department of State may offer on the subject. I had already requested the Department's comments in this general connection, and I shall not fail to inform you when I receive a response.

Sincerely yours,

A. Kirk.

Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
ROME.

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

Ref: RS/13.03

21 February 1945

My dear Mr. Ambassador:

You will remember that on 3 February 1945 there was discussion between members of my staff, the American Embassy and the British Embassy, regarding the procedure for reopening trade between Italy and neutral countries. Later on 16 February 1945 I sent to you and Sir Noel Charles a revised version of the paper which was reviewed at the 3 February meeting.

The Italian Interministerial Committee for Reconstruction is most anxious to discuss with the Allied Commission the procedure for trade with neutral countries on 22 February 1945. The British Embassy, without a further reference to London, has approved the draft which was sent on 16 February.

I have therefore instructed the Economic Section to proceed with the discussions on this subject with the Italian Interministerial Committee, unless they hear from your office that you consider it inadvisable to do so.

Yours very truly,

/s/ Hilary W. Stone

HILARY W. STONE
Rear Admiral, USN
Chief Commissioner

2259

The Hon. Alexander Kirk
American Ambassador
119 Via Vittorio Veneto
Rome

Distribution:
CC Files (1)
Ex. Comm. Files (2)
Econ Sec Files (2)
Ex Dir ES (1)

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

Ref: EA/13.03

FEB 17 1955

My dear Mr. Prime Minister

As you know, the Allied Commission is anxious to help you in every possible way, subject to the limitations imposed by the war, to reopen trade between Italy and countries other than the United States and United Kingdom. As a step in this direction, the attached memorandum on trade between Italy and France has been prepared, and represents the views of this Commission on this important subject.

I will await your reaction to this memorandum with considerable interest. If you agree that trade between Italy and France should be reopened along the lines suggested, you may wish to have the appropriate members of your Government work out detailed procedures with our Economic Section.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

Encl. Trade Between Italy and France

2258

Distribution:
M. M. Couve de Murville, French Delegate ACI
Am. Embassy, Mr. Livengood
British Embassy, Att: Mr. Moseworthy
Finance S/C
Ex. Dir ES
ADCOS ES
CCS (2)
Exec Sec Files (2)

See 14

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HEADQUARTERS ALLIED COMMISSION
APO 394

9 February 45

TRADE BETWEEN ITALY AND FRANCE

1. It is the desire of the Allied Commission that trade between Italy and France be reestablished on a mutually advantageous basis as soon as possible.

2. The Allied Commission will do everything it can to facilitate such trade, and assumes that the negotiations incident to such trade should be conducted directly between the appropriate Italian and French authorities, not through the Allied Commission.

3. The Allied Commission, on behalf of the Allied Governments, will be particularly interested in the following aspects of French-Italian trade:

a) Where materials are on the controlled or restricted lists of the Allied Force Local Resources Board, AC will need to certify the specified quantities of specified commodities which are available in Italy to be exported.

b) Where commodities available for export from Italy are required by several nations, they should be referred through AC to the combined supply authorities for allocation as to destination.

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

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b) Where commodities available for export from Italy are required by several nations, they should be referred through AC to the combined supply authorities for allocation as to destination.

2257 c) Allied Commission will bid for acceptance at military ports in Italy, or incoming and outgoing cargoes, and will also have an interest in acceptance at non-military ports.

d) It is assumed that Italian trade with France will be conducted on a Government-to-Government basis, prohibiting private trade for the time being.

e) The Allied Governments will wish to make sure that trade between Italy and France does not interfere with purchases by the Allies in Italy or France.

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

f) Allied Commission will need to be kept informed regarding the progress of trade negotiations, and will request from the Italian Government certain periodic reports of the status of trade and exchange relationships between Italy and the French.

4. It is the desire of the Allied Commission to avoid competitive bidding in Italy on the prices of goods to be exported. For this reason it is requested that maximum purchase prices be stated by the French at the outset of any series of negotiations, and that these prices be notified to AC at the earliest possible moment.

5. With regard to the financial aspect, it is assumed that the Italian Government will discuss with the French whether they wish to extend the mechanism of the memorandum account at present in force in North Africa to Metropolitan France. If this is done, it must be agreed that the franc balance in favor of Italy, if any, be made available to the Italian Government for franc expenditures in French territory for the following purposes:

a) Essential import needs of Italy,

b) Essential diplomatic, consular, or military expenditure,

c) Essential expenditures to keep Italian vessels in operation,

d) Any other specific items of expenditure that may be approved by the Allied Commission from time to time.

It must be clearly understood that all expenditures by the Italian

Declassified E.O. 12356 Section 3.3/NND No. 783613

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a) Essential import needs of Italy,

b) Essential diplomatic, consular, or military expenditure,

c) Essential expenditures to keep Italian vessels in operation,

d) Any other specific items of expenditure that may be approved by the Allied Commission from time to time.

It must be clearly understood that all expenditures by the Italian Government out of its French franc balances will require the prior approval of the Allied Commission through the Finance Sub-Commission.

6. In general, it is hoped that trade between Italy and France can be developed in such a way as to decrease the extent to which the two countries need to depend for supplies on the United States and British assistance.

(a) INL

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

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

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BRITISH EMBASSY,

ROME.

17 February, 1945.

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My Dear Admiral,

I have been dealing with your letter of the 16th February addressed to the Ambassador enclosing a memorandum on trade between Italy and neutral countries. The Ambassador, as you know, is absent from his work through illness but the new draft memorandum follows the recommendations agreed to at the meeting of the 5th February in the Economic Section, at which I was present, and I am sure that he would have no comments to make on it.

Very sincerely yours

R. Nosworthy

agd.

Rear Admiral Ellery W. Stone, U.S.N.R.,
Office of the Chief Commissioner,
Headquarters Allied Commission,
A.P.O. 394.

Copy to:- Chief Commissioner
Executive Commissioner
ACTION - Economic Section (2) with Original letter of ES/13.03-167b.
Ex Dir ES

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

Ref: SS/1503 16 February 45

My dear Ambassador:

Attached is a memorandum on trade between Italy and neutral countries, which results from discussions within the Allied Commission, with your Commercial Counselor, and with representatives of the Italian Government.

We hope to present it to the Italian Government soon. Before giving them a statement on this important subject, however, I would like very much to get your reaction to it.

A meeting is being held on 22 February 45 between our Economic Section and the Interministerial Committee for Reconstruction, at which the Ministers are anxious to discuss this subject. It would be most helpful if we could have your comments on the attached document by next Tuesday, the 20 Feb.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Most Charles, Bt., K.C.M.G.
British Ambassador
34 Via Venti Settembre
Rome

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Encl.

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HQ ACC CC OFFICE
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Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref: 22/13.03

16 February 45

My dear Mr. Ambassador:

Attached is a memorandum on trade between Italy and neutral countries, which results from discussions within the Allied Commission, with your Economic Counsellor, and with representatives of the Italian Government.

We hope to present it to the Italian Government soon. Before giving them a statement on this important subject, however, I would like very much to get your reaction to it.

A meeting is being held on 22 February 45 between our Economic Section and the Interministerial Committee for Reconstruction, at which the Ministers are anxious to discuss this subject. It would be most helpful if we could have your comments on the attached document by next Tuesday, the 20 Feb.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

The Hon. Alexander Kirk
American Ambassador
119 Via Vittorio Veneto
Rome

See (7) (8)

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Encl.

Same letter sent to Sir Noel Charles, British Ambassador, as enclosed.

Distribution:
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Econ Sec Files (2)
Ex Dir ES (1)

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

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FEB 16 RECD
CC 452

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

HC:mew

Ref: ES/3.20

14 Feb 45

TO: Chief Commissioner

FROM: Economic Section

1. Attached for your information are two summaries which indicate the trend of foreign economic policy in the United States.

Encls.

cc: A/President

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Declassified E.O. 12356 Section 3.3/NND No. 735015

Excerpt from Economic Digest, published in Washington.

CONFIDENTIAL

* Basic Commercial Policy and Wartime Trade Controls Approved by EPEP

The paper outlining our commercial policy in relation to trade controls cleared the Executive Committee on Economic Foreign Policy and has been approved by the Secretary of State

In brief, the paper states that the basic elements of U.S. commercial policy include, with the collaboration of other countries

(1) the general reduction of tariffs and reduction or elimination of other restrictions on foreign trade;

(2) the prevention of the imposition of any new restrictions;

(3) the elimination of discriminatory practices in foreign trade.

The shipping shortage, scarcity of necessary supplies, the inadequacies of commercial procurement and political and economic warfare objectives necessitated the imposition of certain wartime trade controls which are prima facie incompatible with these policy objectives and if continued beyond a necessary period would be inconsistent with the purposes of the Atlantic Charter, Article VII of the mutual aid agreements and, in some cases, the commitments in our commercial treaties and agreements. Although there may be valid reasons in some cases for the continuance of certain controls after the original reasons for their imposition no longer exist, the burden of proof for any such action will have to rest with those who advocate them.

Irrespective of shortages, some controls may be needed to implement policy with respect to national security, to fulfil existing commitments, or to implement the policy approved by the U.S. with respect to neutrals and ex-enemy countries."

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

CONFIDENTIAL

Future Area Programming

The policy document on future area programming was approved recently by the Executive Committee on Economic Foreign Policy and by the Secretary of State.

The document advocates relaxation of joint area programming as soon as possible but recognizes that the procedure cannot be abrupt or uniform because each area involved presents specific and individual problems. European neutrals and liberated areas are specifically excluded from the following recommendations contained in the document:

1. That the procedure of joint programming by U.S.-U.K. be continued for items in short supply, including the joint designation of sources of supply wherever necessary;

2. That joint programming of items in long supply be discontinued. In certain circumstances and for a limited time, of which the following are the principal examples, a simplified type of joint reporting may be necessary:

(a) A shortage of shipping:

So long as this continues, the shipping authorities will need to secure information for Washington and London as to the probable tonnage requirements for shipping purposes, and to record desired priorities, in order to insure an equity of treatment in the assignment of shipping tonnage as among the various territories.

(b) Temporary governmental disorganizations:

In a few instances the importing governments, because of conditions arising out of the war emergency, may be unable to establish satisfactory import arrangements. Temporarily, data may have to continue to be collected jointly by officers of the U.S. and U.K. governments in some areas for the transition period.

3. That shortages of dollars should not be made a basis for joint programming since this is essentially a seperate problem that should be dealt with on its own terms.

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
TEL: 417

13031/F

7 February 1945

SUBJECT: Article from "Fortune" Magazine.

TO : Chief Commissioner.

The attached copy of an article from Fortune is of general interest in that it presumably embodies much of Assistant Secretary of State Dean Acheson's thinking (Rostow was for some time his special assistant) and of particular interest because of the discussion of Italy's plight (see p.4).

J. J. Lawler
Lieut. U.S.C.G.R.
Joint Director,
Finance Sub-Commission.

Copy to: Chief of Staff

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Extract [illegible] "FORTUNE" Magazine dated Jan[illegible] 1945

THE GREAT TRANSITION

RECONSTRUCTION LOANS, REPEAL OF THE JOHNSON ACT, AND LOAN OF SOME OF AMERICA'S GOLD ARE ESSENTIAL FOR THE RE-ESTABLISHMENT OF MULTILATERAL TRADE

By Eugene V. Rostow

Eugene V. Rostow is one of the bright young men coming out of Yale university in the class of 1933. He quickly made a name for himself in the Yale Law School where he now holds professorial rank. With the outbreak of war he became adviser on lend-lease affairs to the Department of State, working in consultation with many departments of the government.

Our international economic relations are in a state of deepening crisis that threatens the peace. The emergency in our foreign economic policy is as great in scale, and as menacing to American security interests, as the financial emergency that preceded the passage of the Lend-Lease Act. We now lack an adequate program for achieving freedom of the exchanges, and for financing the export of American supplies during the emergency period after German surrender. Without such a program we cannot realistically expect to reach one of the first great goals of our national interest - the restoration of a large volume of international trade, conducted on the basis of free and stable exchanges and lowered trade barriers.

The countries of Europe will end the war in differing economic and financial circumstances. Some, like the Soviet Union, will face fifteen years of rebuilding before the physical destruction of war can be replaced. Greece, Italy, Poland, and Yugoslavia will be in a desperate condition of physical devastation and economic disorganization. Others may have suffered relatively little war damage, but will have to begin again with demoralized industries and finances, and deplete reserves of foreign exchange. For each country of Europe, even including the relatively rich countries like the Netherlands and Belgium, the transition years present serious problems of physical reconstruction before they can afford to re-enter a world based on liberal principles of commerce. The U.S., Canada, and the other countries of this hemisphere have not suffered the physical impact of the war. They alone will have surplus supplies at its conclusion. Assistance in supply and finances must come to Europe primarily from the West.

Yet to date we have no credit arrangements for financing the export of supplies needed for the economic reconstruction of liberated areas. We have no policy beyond the wartime limits of lend-lease for financing the reconstruction needs of Britain, the Soviet Union, and other fighting Allies. Although from a strictly legal point of view the Lend-Lease Act might provide a means for coping

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

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Yet to date we have no credit arrangements for financing the export of supplies needed for the economic reconstruction of liberated areas. We have no policy beyond the wartime limits of lend-lease for financing the reconstruction needs of Britain, the Soviet Union, and other fighting Allies. Although from a strictly legal point of view the Lend-Lease Act might provide a means for coping with some of the problems of the transition period, no steps have yet been taken to use this powerful and flexible weapon for peacetime purposes. UNRRA can deal only with various phases of civilian relief requirements and it is expressly forbidden to undertake reconstruction activities. The Johnson Act remains on the books to block one type of reconstruction financing ; the inadequate power of the Export-Import Bank blocks another. Finally, while much should be made of the constructive measures proposed at Bretton Woods (FORTUNE, September, 1944), we must also recall their plain limitations. The proposed monetary fund is not intended to provide facilities for relief and reconstruction or to deal with international indebtedness arising out of the war. Its resources cannot be used to finance the unfreezing of currencies. The proposed Bank for Reconstruction and Development is equipped to deal with only one phase of the reconstruction problem and is hedged about with many limitations. Moreover, the Bretton Woods proposals have met with powerful opposition among those internationally minded Republicans who so far have supported the Administration on every critical phase of its foreign policy. And fund and bank cannot possibly come into operation before May 1, 1945.

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

Thus our ability to cope with the exigencies of the days, the months, and even the years just ahead is sorely limited. We shall need, as this article will go on to show, basic changes in our policy all along the line. In our own interest we must create emergency credit facilities adequate to the job. Our economic policy during the next five years can cement the association of the United Nations, or it can destroy any real hope of security and stability in their political and military arrangements. We can help to strengthen the forces of progressive and democratic government in Europe or we can let popular government in Europe go down without our support before the forces of extremism and reaction. We have a good chance to bring about the re-establishment of a system, generally speaking, of free exchanges and multilateral trade for the capitalist part of the world. That system would be the best possible foundation for a world order and our safety as a nation. It would also constitute the best and mutually the most profitable basis on which our close and friendly relations with the Soviet Union can be maintained and developed.

Should the U.S. fail to adopt adequate emergency credit facilities, there is grave danger that the world will drift into economic blocs and groups. Bilateral trade arrangements now exist. If they continue, they will split the capitalist part of the world down the middle. Our memory is too fresh of the Germans forcing the Turks to exchange chrome for German harmonicas to confuse bilateral trade methods with economic progress. Politically their effect is even more serious. Bilateral trade methods require cumbersome domestic economic controls. They make every economic transaction a direct political responsibility of government. They increase the instability of economic life, and multiply the opportunities for political friction and bickering among friendly peoples. It would be hard to conceive a plan more directly designed to divide the United Nations than to translate all trade among them from the commercial to the political and governmental plane.

Yet this is the kind of world we are apt to get unless we devise a new financial policy for the transition. Consider what we face in a few specific instances beginning with Britain. The importance of our trade relations with Britain cannot be over-emphasized. For they will largely determine how we trade with France, the other countries of western and Central Europe, Australia and New Zealand, Africa and the Middle East. In differing degree, they all suffer from the same prospect of a temporary but acute shortage of dollars that is plaguing the British. And their political associations, in the absence of a positive American policy, will lead them to economic coalition.

BLOCKED STERLING

At the present time, Britain is operating in the world markets under a far-reaching and effective system of exchange control. Sterling is blocked, and most of the current dollar accruals of the entire sterling area are in effect sold to the British Treasury for sterling, to be available for war purposes. Thus if an Australian exporter sells some zinc, for example, to a U.S. commercial

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

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The virtues of this system as a war measure have been fully proved in practice. Its menace in peacetime is equally apparent, as we move from a period of short supplies, distributed by governmental license and allocation, to one of ample supplies, distributed by the ordinary process of sale on the market. Picture an American exporter after the war, freed of WPB controls, trying to sell a car or a typewriter in Australia or the Belgian Congo. During the war, of course, the rule has been that American supplies would be sought only if the minimal approved need could not be met from a sterling source. Suppose the same rule, or an adaptation of it, were to apply in peace as a measure for conserving dollars, the one commodity of which all Europeans will be short for some time after the war.

The customer will tell the exporter politely that he would of course much prefer the American car or typewriter, but that his Treasury has unfortunately turned down his application for a license to pay dollars for it. He has therefore sadly placed his order for a machine of British, French, or Belgian manufacture. The American exporter, in a rage, will appeal to the American Consul, to the State Department, the Treasury, and finally to his Congressman or to the Chicago Tribune. Long before the mysteries of foreign exchange can be explained to the

./..public

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

public at large, there will be a hue and cry against the wicked and ungrateful British, who will be accused of outsmatting our diplomats again, after we have won the war for them.

The prospects of international bickering, bitterness, and political reaction implicit in the maintenance of these controls are endless. Yet the plain fact is that if the war ended tomorrow, Britain could not afford to unblock sterling, even for current transactions, or to give up her other controls of foreign exchange and imports, and no British politician could today take responsibility for proposing to do so. It is common knowledge that the course of the war has borne heavily on British finances. She has lost overseas investments. She has lost shipping. And she has spent lavishly in India, the Middle East, and elsewhere for the prosecution of the war, thus building up a short-term sterling debt that may reach £12 billion at the end of this year.

Maybe the British are over-obsessed with the difficulty of their position. But certainly they have plenty to worry about. Their concern is all the greater because they are committed to a policy of high employment, social security, and economic progress at home. Such a program will require a high level of imports, both in food and in raw materials, and it will tend to make British exports expensive by keeping domestic prices high. Yet the British know that they must regain and enlarge their prewar export trade if they are to begin to meet their commitments to their own people and to the outside world.

THE GREAT DEBATE

This is the concrete setting for the debate now raging in Britain over postwar policy. The lines are already drawn. On the one side are those who believe that Britain should pursue her social objectives within the framework of a policy designed to restore free exchanges and multilateral trade (with the frozen sterling balances funded or released for gradual liquidation). On this side stand the Prime Minister, many in the Foreign Office, and some of the best minds in the British Treasury. But over and against this official position is a motley and powerful opposition that wants to continue export and import controls not as wartime necessities but as weapons of permanent economic policy. They are men from both right and left and their preference for a statist approach is both practical and ideological. Sometimes Lord Beaverbrook seems to argue in this direction. The influential Economist, once the voice of purest Manchester liberalism, has recently turned away from its great tradition. Finally, there are many indiscriminate planners who do not see that the continuance of wartime trade controls may not represent economic progress but only old autarchy, mercantilism, and reaction, writ largely in a new and dangerous forms.

Actually, and on any long view, a policy of statism on Britain's part would be a disaster for both her and ourselves. The world would tend to split up into [illegible] currency and trade areas that might easily become rival not complementary [illegible] policies

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Actually, and on any long view, a policy of statism on Britain's part would be a disaster for both her and ourselves. The world would tend to split up into Schachtian currency and trade areas that might easily become rival not complementary to each other. Nor is such a result necessary. Multilateral trade and policies aimed at high employment are by no means conflicting. Acting in concert, using their combined power to increase the flow of investment at home and abroad, and to make the organization of business more rather than less competitive, Britain and the U.S. can together achieve a democratic program of high employment while all the time working toward the re-establishment of liberal trade policies. But to do so means true collaboration, the recapture of the spirit of the Atlantic Charter, and above all taking seriously the promise of Article VII of the Lend-Lease Act.

That document is the best guide for the future. Substantially it calls for a lend-lease settlement whose terms and conditions will not burden commerce but actively promote an expansion of production, employment, and trade, the elimination of "all forms of discriminatory treatment in international commerce", and the reduction of tariffs and other trade barriers. Of this article the President has said, "If the promise of the peace is to be fulfilled, a large volume of production and trade among nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principals of commerce. The lend-lease settlement will rest on a specific and detailed program for achieving these ends, which are, as Article VII of the agreements with Great Britain, China, and Russia points out,'the material foundations of the liberty and welfare of all peoples.' " *

* Fifth Report of the President to the Congress on Lend-Lease Operations, June 11, 1942, page 21, chapter 3.

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Clearly, the lend-lease agreements look to a liberal and multilateral, and not a restrictionist, approach to the solution of world economic problems. But they are broad agreements of principle. They require mutual and reciprocal action if they are to become realities. The action on our part needed to carry out the policy of these agreements is on a much larger scale and a much broader front than has so far been publicly indicated to be likely. It cannot be repeated too often that our financial arrangements must not be patchwork to conceal a basic lack of balance in our trade. We need to provide emergency credits in order to tide over the acute period of readjustment immediately after the war. But those emergency credits will be wasted unless we undertake at the same time to correct the fundamental error of our economic foreign policy since 1921 - that we have been stubbornly, insistently, and vehemently trying to sell without buying.

The British have held their system of imperial preference in reserve in all discussions of postwar economic policy, from the time of the Atlantic Charter until the present. Imperial preferences, it is perfectly clear, are to be the British quid pro quo in bargaining about the future level of our tariffs. Such a bargain would be a fair one for us. The conversion of our economy to peacetime purposes will be an extensive process, requiring many adjustments. While we are making radical shifts in population and resources, we might just as well include in the process the long-delayed adjustment of American business to a changed tariff environment. Indeed, the reconversion period may be our only opportunity to make a genuine cut in our tariff levels without causing serious disturbances to business.

THE CASE OF ITALY

The case of Britain is enough to suggest that the re-establishment of multilateral trade will be no easy task .It will call for a large measure of give and take on both sides. The same is true of other western European nations - France, Belgium, and the Netherlands, who even now are drawing down their holdings of gold and dollar exchange for the purchase of relief and hence will be under great pressure to maintain exchange controls after the firing ceases. But to round out the picture suppose we turn to quite a different and still more difficult type of case - Italy.

The economic situation of Italy is an object lesson in the inadequacy of our policy for dealing with the economic problems of the transition period in countries that have been pillaged and scorched by the Germans, and fought over by the armies. Italy has suffered terrible war damage, and her industrial plant is gravely weakened. She has no reserves of foreign exchange, and practically no current sources of exchange. For the best possible political reasons, we want to help and support the Italian people and the democratic groups among them that are trying to create a progressive Italian Government.

Yet what we are doing is not enough, either in conception or in fact, to meet the needs of the situation. We are importing comparatively large amounts of foodstuffs and other consumer goods in

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Yet what we are doing is not enough, either in conception or in fact, to meet the needs of the situation. We are importing comparatively large amounts of foodstuffs and other consumer goods in Italy as military relief. By the end of 1944, the civilian supply program in Italy will have cost $200 million.

2345 The principle on which the military-relief program is based has been not to pamper the enemy, i.e., to give what is required to prevent food rioting and pestilence along the lines of communications, and no more. These programs do far too little toward restoring production and employment in Italy.

The Italians are supposed to pay for what they receive from the armies. So far it is expected that the Italians will pay for the military-relief program with funds credited to them against the local currency required for the pay of our troops in Italy, together with accruals from remittances, exports, and shipping. These devices are not providing sufficient even as a matter of bookkeeping. There are not enough American troops in Italy, nor enough Italian ships earning dollars, to pay for the supplies being brought in. Our supplies are going into Italy as a matter of military necessity. In fact they are going in on a credit whose terms may not be discussed until a treaty of peace is negotiated. Yet we have as yet no alternative way to support the program of Italian reconstruction we want and need, and will have none unless we change our lend-lease policy, until the Bretton Woods bank is established and Italy is allowed to become a member.

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Under its original rules, UNRRA funds could not be used in enemy territory. This policy was modified at the recent UNRRA meeting in Montreal to allow $50 million to be spent in Italy for three specified purposes - the relief of children, nursing and expectant mothers, and displaced persons. But this will do nothing to relieve the crisis in Italy. Fifty million for children, mothers, and refugees does not begin to measure Italian needs. Italy needs industrial supplies that UNRRA is expressly forbidden to provide. Without such supplies there can be no end to the process of relief, no beginning of normal employment, commerce, and growth. In the second place, UNRRA has enough funds in contemplation only to meet the estimated relief needs of China, Greece, Poland, Czechoslovakia, and Yugoslavia, countries in which substantial supply operations are planned. It may be expected, therefore, that putting any large part of the burden even of Italian relief on UNRRA will be strongly resisted.

The Italians are asking for lend-lease aid. Although some lend-lease funds might be used to advantage during the period of hostilities, lend-lease would not in any sense provide an adequate solution to the Italian problem under its present limitations of policy. Lend-lease is now regarded exclusively as a war supply mechanism. The prevailing legislative and administrative development of policies under the act would greatly limit the practical usefulness of any recourse to lend-lease in the present situation in Italy or other liberated areas. Lend-lease supplies are, of course, being used in some liberated territories - in the Soviet Union, for example - to facilitate local war production and other measures of economic mobilization for carrying on the war, and to maintain the civilian economy on a wartime basis. The time has passed, however, when as a practical matter one cay say that the larger part of the economic needs of Italy are required in order to win the war.

We have thus arrived in Italy at a point of utter bankruptcy of policy. We are sending in a badly planned assortment of minimal civilian relief supplies, without any clear and workable plan for financing their importation or continuing to do so when hostilities cease. We have no policy that would permit us to assist promptly in the reconstruction of Italy, or any other liberated territory, and there is little or no chance that new legislation will be drafted, considered, or approved before the middle of 1945, at the very earliest.

RESHAPING LEND-LEASE

Thus an emergency policy is urgently needed, if the liberation of Europe and the tapering-off of present lend-lease war programs are not to produce economic chaos. Time is short, and bold measures must be considered. What can and should be done ?

The first step to be taken, beyond the most rapid possible acceptance of the Bretton Woods fund and bank, is to inaugurate an entirely new program of emergency

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The first step to be taken, beyond the most rapid possible acceptance of the Bretton Woods fund and bank, is to inaugurate an entirely new program of emergency reconstruction loan agreements under the broad authority of the Act to Promote the Defense of the United States, commonly, but misleadingly, called the Lend-Lease Act. These agreements could legally be undertaken without new legislation, although full and advanced consultation of the appropriate committees of the ... and Senate would be desirable and normal constitutional practice.

The Lend-Lease Act was passed before we were at war, and lend-lease funds have been used in South America, the Middle East, and other areas of vital interest for purposes of political stabilization, economic warfare, and other urgent defense purposes. The Lend-Lease Act itself provides for transfer, to the government of any country whose defense the President deems vital to the defense of the U.S., of defense articles, services, and information, when the President deems such transfers to be "in the interest of national defense". It does not require extended argument to prove that vital defense and security interests of the U.S. would be furthered by the prevention of economic chaos; by the restoration and maintenance in Europe of essential economic activities on a multilateral basis; and by the prompt beginnings of economic reconstruction, during the emergency period before the Bretton Woods plans can go into full effect. Thus the statute is a sufficient legal foundation for a program of emergency reconstruction loans.

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But programs of reconstruction should be completely and sharply distinguished from existing lend-lease programs. They should not be handled under the Lend-Lease Master Agreements, but under new and special loan agreements drafted for the purpose. The President, the Foreign Affairs and Foreign Relations committees of the Congress, and various Administration spokesmen have in a long series of statements hammered out a wholly sound line of policy about obligations for war aid under the Lend-Lease Master Agreements. These statements have finally clarified the nature of the lend-lease relationship that has developed with reference to supplies utilized for war purposes. As the Senate Committee on Foreign Affairs has said:

"The security of the United States is benefited under our lend-lease program first and principally by the use of lend-lease supplies in the war which the Axis has undertaken to wage against us. What we sent to our allies for their use in war is part of our own war effort.

"The purpose of weapons, and the materials from which they are made, is to inflict harm upon the enemy. When we send these materials to our allies, as when we send them to our own troops and factories, the benefit we seek and receive is their use against the enemy. This is not a commercial transaction. It is a military move.

"There is no adequate way to value such military moves in dollars, pounds, or rubbles. There is no way to compare the price of an American tank with the life of its Russian, British or Australian crew. Our supplies which go to the war are paid for on the battlefield in the damage they do our enemies." x

It is thus clear that no one owes us any money for lend-lease supplies used in the course of the war. Unless we want to apply the same rule to lend-lease supplies used for reconstruction, it would simply cause confusion to spend lend-lease funds for such purposes under the present master agreements. We should instead make new and distinct agreements to cover the reconstruction programs. Actually a different rule seems appropriate and should be specified in advance, through favorable but specific interest and repayment provisions. The reconstruction of the European economy is on net a productive activity, and should justify the charge of low interest rates - perhaps slightly above the average carrying charge on our national debt. After all, the famous "war debt" on which the Finns so conspicuously paid their interest was not a war debt at all - Finland was a duchy of the Russian Empire during the last war - but a reconstruction loan. The use of lend-lease procedures of U.S. Government procurement would give us every opportunity to be sure that we were supporting economically justifiable reconstruction programs. We could thus prevent the rebuilding of uneconomic or heavily subsicized industries, and assure ourselves that our loans would earn their interest through their contribution to greater productivity.

REPEAL THE JOHNSON ACT

Such a program of emergency reconstruction loans should be accompanied by the repeal of the Johnson Act and a clarification and enlargement of the powers

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REPEAL THE JOHNSON ACT

Such a program of emergency reconstruction loans should be accompanied by the repeal of the Johnson Act and a clarification and enlargement of the powers of the Export-Import Bank, or some other appropriate lending agency. The Johnson Act should be interred without comment or trace, and the war-debts issue of the first world war decently forgotten. Unless this is done, we are likely to find that the government will emerge with exclusive legal authority to lend money to most of our allies. Such a development would constitute an unnecessary and undesirable measure of financial monopoly. Private financing, as well as government financing, will be needed in the reconstruction period and thereafter. The legal barriers to its function should be removed. The government must, of course, have ample power to act in cases that should be outside the scope of lend-lease procedure. Such power should be assured by an enlargement of the authority and of the lending power of the Export-Import Bank, which now labors under the legal handicaps of the Johnson Act.

Credits alone may not be sufficient to facilitate the resumption of international economic life on the scale and with the momentum we want to see. The case of Britain represents a class of financial problems that may require still another procedure. The British are reluctant to incur new debts to add to those that have piled up in the course of the war. The essence of the British problem is different from that of Italy, Greece, Poland, or perhaps France. The British lack gold and available dollars sufficient to act as a monetary reserve during the period of readjustment while their imports and exports reach a new equilibrium with British domestic economic policy and with the changed

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* Report to accompany S.813, 78th Congress, 1st Session, No. 99, March 10, 1943, page 9.

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position of Britain in world trade. If the British had a large monetary reserve, sterling could be unfrozen immediately at the end of the war, certainly for current transactions. The transfer of sterling funds into dollars would probably not be great if stronger reserves fortified confidence in sterling as a currency. It is a common experience in banking that the larger the reserve, the less the danger of a run.

USE OUR GOLD

A practical remedy is at hand. During the war we have made certain specific loans of silver to meet essential war needs, and to combat inflation, under special contract calling for the return of the amount of silver loaned, in ounces, at a given time after the war. Comparable loans of a few tons of gold, calling for the return of the same amount of gold after a period of perhaps thirty-five to fifty years, might put our excessive gold reserves to work with dramatic, even magical effect. With or without changes in our bank regulations, we would have ample excess reserves in gold to undertake such a program without restricting the quantity of money available in the U.S. These transactions in gold would in effect be stabilization loans, without interest, and their terms might be broadly adapted to the particular financial circumstances of the countries involved. Stabilization arrangements along these lines may be the cheapest and most practical way to secure an immediate freeing of exchanges after the war, and a consequent beginning of the process of internal and international readjustment to changed economic factors. They might well be handled so as to initiate the trends on the basis of which the Bretton Woods plans could make their maximum contribution to order and progress.

This emergency program for the transition period then has four aspects: (1) reconstruction loans to finance the flow of American supplies required in the first period after hostilities cease; (2) opening private channels of finance; (3) enlarging the government's power to make other loans that may be needed; and (4) stabilization loans of gold as a commodity, to permit the immediate freeing of exchanges. Such a program would give the U.S. resources with which to secure the basic economic goals of its foreign policy. Reconstruction loans would not burden the American taxpayers, for they should and can be used to finance economically justifiable projects, on which repayment could be expected. Reconstruction is a matter of banking, not of philanthropy, and banking, after all, has always been regarded as a profitable business. Such a program would contribute to the enlargement of employment at home, and to the orderly reconversion of American industry.

Its basic merit, however, is in the field of political and military security. We speak of the coming months and years as a transition period. It is not at all certain, however, that we are going to move in the direction we want. Our goals in the field of international economic policy are perfectly clear and altogether feasible. But they can be reached only by aggressive action. Without flexible and resourceful economic diplomacy on our part, the likelihood is that the transition ahead will be one toward bilateral trade and restriction, with all the menace they imply to peace and economic welfare. A well-handled flow of

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Chief Commissioner
JAN 24 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394

23 January 1945

EXECUTIVE MEMORANDUM
NUMBER 83 (Revised)

C U S T O M S D U T I E S

1. General

Executive Memorandum number 83 dated 24 November 1944, is hereby cancelled and the following instructions are substituted therefor.

2. Objects of Directive

The objects are to restore the Customs, Guardia di Finanza and Capitaneria di Porto (Harbour-Master) controls at ports already handed back to the Italian Government and at other ports to the extent to which the Naval and Military authorities will permit it locally; to facilitate the prevention of smuggling and theft of cargoes; to prepare for the resumption of commercial traffic; to ensure uniformity of procedure and, so far as possible, to relieve AC/AMG Officers of any work which the appropriate Italian officials are qualified and able to perform without prejudice to security.

3. Control

(A) Control of Ports and Ships

(1) The Capitaneria di Porto will exercise his normal control of ports, except those controlled by Allied Naval or Military authorities. At ports handed back to the Italian Government where there is an Italian Navy Port Officer in charge, he will function under the supervision of that officer.

The Capitaneria di Porto will also exercise his normal control of ships except:

(a) Ships of war
(b) Ships owned or chartered by the Allies, and
(c) Ships controlled and/or operated by the Mediterranean Shipping Board (MEDSHIP), including ships under the War Shipping Administration (WSA), Ministry of War Transport (MWT) and Principal Sea Transport Officer (PSTO).

(2) Harbour and port dues [illegible]

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(c) Ships controlled and/or operated by the Mediterranean Shipping Board (MSB), including ships under the War Shipping Administration (WSA), Ministry of War Transport (MWT) and Principal Sea Transport Officer (PSTO).

(2) Harbour and port dues, maritime dues, and similar charges applicable to the ship and its personnel, will be levied forthwith, except on the ships excluded from control by sub-paragraphs 1(a), 1(b) and 1(c) above.

(B) Control of Cargoes

(1) The Customs are responsible, inter alia, for the assessment and collection of import and export duties, licences and certain other fees and the collection of harbour, etc., dues (harbour dues are assessed by the Capitaneria di Porto). The Guardia di Finanza are responsible for the revenue control of vessels and their cargoes, and for the revenue protection of the sea-coast and land boundaries.

(2) Cargoes on all ships and coast-wise vessels except the ships excluded from control by sub-paragraphs A(1)(a), (b) and (c) above, will be subject to Customs control unless an Allied Officer certifies that the ship contains cargo which, for security reasons, must not be so controlled.

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(3) Customs officers and Guardia di Finanza will be allowed to control such cargoes at the ship's side, whenever this can be permitted without prejudice to security. Otherwise they will be allowed to bring cargoes under their control at the earliest practicable stage thereafter, e.g. at dock exits or warehouses.

(C) Action by AO/AMG officers

(1) Regional Finance Officers will consult the Naval and Military port authorities at ports not yet handed over to the Italian Government with a view to obtaining their co-operation and authority for the admission of Customs and RGF officials to port areas. It should be stressed that these officials are regarded as of high integrity and that, as they are expert in the detection and prevention of smuggling and pilfering their functioning in port areas would check the prevalent theft of Allied goods and property.

(2) If these authorities refuse to permit the Customs and Guardia di Finanza to operate within any restricted area, arrangements should be made for the regular control of the perimeter of the area for the purpose of detecting and preventing smuggling and theft by civilians.

Duties on Goods Imported

(A) No duties, taxes, imposts or fees of any kind are chargeable on goods imported for the use of the Allied Forces; Allied Nationals employed by them and Allied Forces' welfare organizations or on goods imported under Allied auspices for distribution free of charge for civilian relief purposes and not for sale. Officers dealing with the latter should give a written certificate to the Customs that the goods are for free distribution for civilian relief.

(B) (1) The Italian Government have agreed to exempt temporarily from all Customs duties, charges and license fees, all goods imported by the Allied Nations for commercial or civilian use except alcohol; tobacco; mechanical lighters and lighter flints; cigarette papers and tubes; matches and petroleum.

(2) Tobacco, mechanical lighters and lighter flints, cigarette papers and tubes must be handed over to the State Monopoly Administration for distribution.

Matches must be handed over to the sole authorized distributors, the Consorzio Industrie Fiammiferi (CIF).

[illegible] distribution for non-military use is the responsibility of

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Petroleum distribution for non-military use is the responsibility of the Comitato Italiano Petroli (CIP).

For all these goods special arrangements exist whereby the duty is collected by the State Monopoly, C.I.F. and C.I.P. respectively.

Alcohol must not be released for civilian or commercial use unless all the import duties have been paid.

It is emphasised that the directions in this sub-paragraph relate to goods imported for [illegible] or civilian use. The same procedure, however, should be applied to similar goods imported for the use of the Allied Forces should they be diverted to commercial or civilian use.

(C) Imported goods not covered by the exemptions in paras 4(A) and 4(B) continue to be subject to all the duties, taxes, imposts, fees and rights prescribed by the existing Italian laws, which must be paid at the time and in the manner prescribed thereon.

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5. Liaison with Customs Officers

Close liaison will be maintained by E. & S.D. Officers with the Senior Customs Official at each port. The Minister of Finance has agreed that the services of the Customs and Guardia di Finanza may be used, whenever required by AC/AMG, on checking, tallying and guard duties. E. & S.D. Officers will therefore avail themselves of the services of these trained personnel for such work whenever practicable.

6. Duties on Goods Exported

The Statutory export duties and licence fees will be charged on all goods exported except on goods certified in writing by the Allied Officer responsible for shipment as being shipped, under Allied auspices, to Allied Government Departments.

7. Reports

Finance Officers will request the Customs Inspector in charge of the Compartment to furnish a brief monthly statement on the progress of Customs work for attachment to the Regional Finance Officers monthly report to this Headquarters. The Inspector should be asked to refer in his statement to any matters of doubt or difficulty which may have arisen in the previous month.

M. S. [illegible]
Brigadier,
Chief of Staff.

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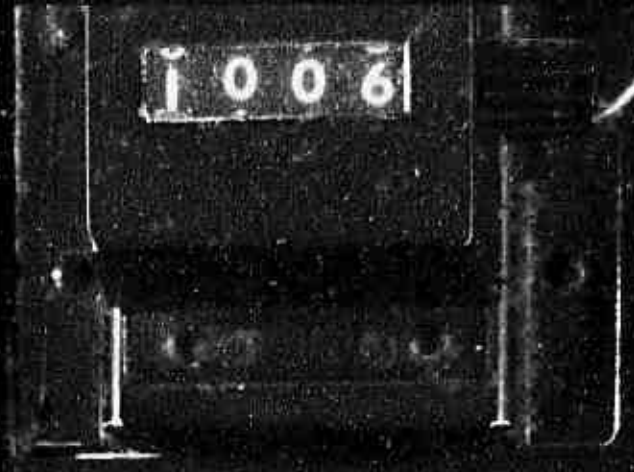
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