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JOINT PROGRAMMING OF ESSENTIAL CIVILIAN SUPPLIES
FOR ITALY
NOV. 1944 - OCT. 1946

2 October 1946

My dear Commander McCoy:

As of April of this year the Allied Commission ceased to have screening functions and the Italian Government is now in complete control of its foreign trade.

All imports must now be licensed. With the exception of (b) below, all licenses are issued by the Ministry of Foreign Trade and may be divided into the following four categories:

- a. (Franca valuta); i.e., without disbursement of foreign exchange subject to certain conditions as follows:
 - (1) acceptance by consigner of payment in lire in a blocked account in Italy,
 - or
 - (11) the foreign currency used must belong to a private or legal body in Italy with no legal obligation to cede it to the Italian Government.
- b. Temporary; i.e., where the processing is to be carried out in Italy, and the whole of the product exported.
- c. Using free currency resulting from exports.
- d. Using foreign credits assigned by the Italian Government to the importer. These imports are limited to imports of material, essential or reconstruction, or reactivation of industries.

916 Where there is a question of the import of Reserved Commodity items the Italian Ministry of Foreign Trade must obtain an allocation from Washington before issuing a license.

Generally speaking, however, exports must be licensed. Certain goods may be exported without license but only to countries paying in dollars, sterling, Swiss francs or Swedish kronen. In this case, a bank permit is issued after the exporter has made a declaration to cede 50% of the foreign currency to the government. Certain goods can be exported only

Commander J. M. McCoy
250 Greer Street
Memphis, Tennessee

within existing trade agreement quotas in force with certain countries. Goods not falling within the foregoing categories must be licensed for export by the Ministry of Foreign Trade.

Full information may be obtained in Italy from the Istituto Commercio Estero, 107 Via Torino, Rome, and in the United States by applying to the Department of Commerce, Office of International Trade, Washington, D. C. There is also a field office at 229 Federal Building, Memphis 3, Tennessee.

With best wishes for the success of your business venture, I remain

Sincerely yours,

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

2166

2 October 1946

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ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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D R A F T

30 September 46

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Sincerely

Yours

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Commander

Commodore J. M. McCoy
250 Greer Street
Memphis, Tennessee

Big Car -
 Pls give me a short
 statement of facts on Ital Govt
 reys, so I can reply that AC
 does not control. These matters

250 Greer Street,
 Memphis, Tennessee.
 1 August, 1946.

Rear Admiral Ellery Stone,
 Chief of Allied Commission Italy,
 Rome, Italy.

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EW
 CC

Dear Admiral Stone:

Although I have never had the pleasure of meeting you in person I feel that I know you since I have spent more than two and one half years in Italy, having arrived here in the States only several days ago from there. A Communication Officer, I have served as a Staff Officer with Admirals Connely, Hewitt, Glassford, James and Beiri. Was aboard the Fargo during the change-of-command ceremonies, at which time I saw you. I have just begun my terminal leave and feeling more like a civilian again each day that passes.

I would consider it a great personal favor if you could arrange to have something done in my behalf towards my future welfare. In short, I had made plans to establish myself in business in Italy and export American products for sale there. It is my understanding that at this time, however, only so-called "essential items" may be shipped for sale in Italy, otherwise Italian lire which would be received for goods purchased in America and sold in Italy, could not be used for additional purchases in America, or converted to American dollars. I have no bank account or any lire in Italy at present and do not intend to deplete my bank account in the U.S.A. for purchases made here and shipped to Italy unless assured that the lire can be changed back to dollars.

I have made a tentative agreement with the Plough Sales Corporation of Memphis, Tenn., and New York City that I would represent them, solely, in Italy, as a wholesale agency, for sales to Italian retailers and would appreciate your authorization to sell the items listed on the enclosure, hereto, which I have selected carefully and feel that they can be considered essential items.

Favorable reaction to this request will be highly appreciated Admiral.

With kindest personal regards to you and Commodore Zirolì. I remain

Sincerely yours,

J. M. McCoy
 J. M. McCoy, Cdr. USNR

4009/12

Ital Govt

Note: Samples of these items are being shipped to Mr. G. Rinaldi,
#122 Corso Vittoria Emmanuel, Naples, Italy, who will be in
business with me. J.M.McCoy.

Items

Aspirin Tablets
Milk of Magnesia
Mineral Oil
Liniment
Pine Tar & Honey
Argotane(Bile Salts Tablets)
Mexsana(Medicated Powder for Skin
Irritations)
Nose Drops
Cough Syrup
Vitamin Capsules A B D G
Kaffee-Been(An Analgesic Tablet,Contains
Acetophenetidin, Adetylsa-
licylic Acid and Caffein)
Ever-Ready Lubricating Machine Oil
cans-118 cc

3159

"Enclosure -A-"

SECRET**EXTRACT**

FROM: AGWAR FROM THE COMBINED CHIEFS OF STAFF (BOOK MESSAGE)

TO: ALEXANDER FOR ACTION

REF. NO. THIS MESSAGE: MX 29633

31 January 1945

FAN 487 - Extract

DIRECTIVE FROM COMBINED CHIEFS OF STAFF

For File# 42091c

Subject Civ Supply

* * *

5. For the duration of combined operations, the combined US-UK military authorities will be responsible for providing:

A. Those quantities of food, fuel, clothing, medical, sanitary and other agreed essential supplies necessary to prevent disease and unrest prejudicial to such operations.

B. Those supplies such as fertilizer, raw materials, machinery and equipment, the importation of which will reduce military requirements for the import of essential civilian supplies for the purposes referred to in this paragraph. As the time when combined military responsibility will terminate will NOT be known when requisitions are being prepared and considered, the importation of supplies under this sub-paragraph will NOT be excluded merely because the effect of such imports may NOT be felt during the period of combined military responsibility.

C. Those supplies necessary for the restoration of such of the Italian power systems and transportation and communication facilities as will further the military effort against GERMANY and JAPAN.

To the extent contemplated by this Paragraph 5, essential civilian supplies cannot be divorced from the military supply program and ITALY must be treated as a whole. It is understood that...

2 2 1 3

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C. Those supplies necessary for the restoration of such of the Italian power systems and transportation and communication facilities as will further the military effort against GERMANY and JAPAN.

To the extent contemplated by this paragraph 5, essential civilian supplies cannot be divorced from the military supply program and ITALY must be treated as a whole. It is understood that the date of termination of combined military responsibility for providing supplies as set out above will be decided by the Combined Chiefs of Staff on your recommendation.

4009/CC ?

6. The Allied Commission shall be advised to assist the Italian Government in the preparation of programs of supplies designed to rehabilitate Italian industry. These supplies will be in addition to those to be provided as a military responsibility. Such programs when established by the Italian Government will NOT be subject to screening by Allied Force Headquarters, but will be reviewed and transmitted directly with appropriate comments and recommendations by the Allied Commission to the Combined Civil Affairs Committee, which will transmit the programs to the Combined Liberated Areas Committee for action by the appropriate civilian agencies of the UNITED STATES and British Governments. The UNITED STATES and British Government will each make available such shares as may be mutually agreed of the cost of the provision of such of these programs as may be approved by the Combined Liberated Areas Committee. Procurement covering such programs should immediately be put in hand without reference to the present shipping position in order that the supplies may be

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called forward as and when shipping space becomes available. In this connection see Paragraph 8 below.

7. The questions raised by you in Sub-Paragraphs A, B, and C of Paragraph 4 of NAF 778 are answered as follows:

A. *** (Inflation) *****

B. It is desired that industrial rehabilitation in ITALY be carried out by the Italian Government to the fullest extent permitted by the Italian rescuees and such supplies as you may be authorized to import, consistent with the discharge by you of your military mission, with the exception that industries for the production of or repair of munitions or other implements of war shall be rehabilitated only to the extent required by you in discharge of your military mission and as will further the military effort in other Theaters. Except for those industries the rehabilitation of which is essential to the discharge of your military mission and in furtherance of the military effort in other Theaters, which rehabilitation should be given first priority, industries other than those excluded by the preceding sentence will be given such precedence in rehabilitation as may be determined by the Italian Government.

C. The extent of your responsibility with respect to the importation of supplies into ITALY is defined in Paragraphs 5 and 6 hereof. Except as is so defined, you have NO responsibility for the importation of supplies into ITALY.

D. Within the limitation of available shipping and subject to military considerations as determined by you, the extent to which exports are to be stimulated and the development of machinery to handle export trade are for determination by the Italian Government. The appropriate civilian agencies of the British and American Governments are currently considering methods by which the Italian Government may be assisted in these respects as soon as decisions in this connection are reached, you will be advised with respect thereto.

8. Nothing herein contained shall constitute a commitment with respect to shipping. Any supplies to be imported into ITALY must be transported within such shipping as may be allocated from time to time.

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Commodore Stone

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO #394

MINUTES OF MEETING OF REPRESENTATIVES OF THE ITALIAN
GOVERNMENT AND REPRESENTATIVES OF THE ALLIED COM-
MISSION, 24 NOVEMBER 1944, 1630, RE JOINT PRO-
GRAMMING OF CIVILIAN REQUIREMENTS.

PRESENT:

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

NOTE

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

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Col. W. P. Evans, Director, Commerce S/C, E/S
 Col. A. F. Grayley-Smith, Joint Director, Finance S/C, E/S
 Mr. Wm. S. Vaughan, Director, Industry S/C, E/S
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 Mr. A. L. Villa, Priorities & Movements Division, E/S
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 Mr. Van Lear Woodward) Members of Ambassador Culbertson's
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*** 1946年10月10日 星期四 ***

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

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

Their tentative outline establishes priority allocation in this fashion:

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

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

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

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

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

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

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

Messrs. Saracchia and Pozzi have been designated as Coordinators on the Italian side. On the AC side, coordination will be entrusted

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

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

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

DISTRIBUTION:

Comodore Stone, Chief Commissioner
Brigadier Lush, Chief of Staff
Mr. Hopkinson, Joint Vice-President, Political Section
Mr. Schott, Joint Vice-President, Political Section
Col. Cripps, Vice-President, Administrative Section
Mr. Antolini, Acting Vice-President, Economic Section
Col. Densmore, Chief of Staff, Economic Section
Mr. Cleveland, Executive Director, Economic Section
Mr. Alibagh, Director, Agriculture Sub-Commission
Col. Evans, Director, Commerce Sub-Commission
Col. Graffley-Smith, Joint Director, Finance Sub-Commission
Mr. Vaughan, Director, Industry Sub-Commission
Col. Jenny, Director, Public Works & Utilities Sub-Commission
Col. Martin, Supply
Mr. Taylor, Chief, Priorities & Movements Division, E/S
Mr. Vail, Priorities & Movements Division, E/S

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO # 394

HC/mrh

20 November 1944

8.10/ES

SUBJECT: Agenda for Meeting 20 November 1944.

TO : Chief of Staff

1. The following documents are attached for consideration at the meeting to be held 20 November 1944:

- a. Food Position of Italy
- b. Price of Bread and Pasta
- c. Summary of Proposed Plan for Italian Undersecretariat of Food
- d. Joint Programming of Essential Imports into Italy

2. In addition, there are available four sets of documents relating to joint programming.


A. G. ANTOLINI
Acting Deputy Chief of Staff
Economic Section

- c. Summary of Proposed Plan for Italian Undersecretariat of Food
- d. Joint Programming of Essential Imports into Italy

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A. G. ANTOLINI
Acting Deputy Chief of Staff
Economic Section

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Copy/gk

Food Position in Italy

A. Wheat

1. Assets. As of November 1, we have on hand:
We should amass this much more:

From November 1 through next June, we will
probably get imports of about:
Making the total available:

604,000 tons
80,000
<u>788,000</u>
1,472,000 tons+

2. LIABILITIES South of P-R line. To feed every-
body south of the Pisa-Rimini line, at 300 grams,
without any supplementary rations, it takes:
Plus supplementary rations, (heavy workers, public
safety, hospitals, industrial misshitt ~~agents~~
meals--all programs approved by AG):

1,139,000 tons
<u>1,141,000</u>
1,280,000 tons

3. BALANCE FOR NORTH. All that remains for
stockpile is therefore:

192,000 tons

If resistance in the north collapses suddenly, this stockpile would last for:

62 days at 200-grams level or
44 days at 300-gram level

It will go proportionately farther if:

(a) Occupation of the north is gradual and slow

(b) We find grain (wheat, corn or rice) available in the north
when we go in.

4. THEREFORE:

To raise the ration now to 300 grams is a straight gamble. We are
gambling on a slow occupation of the north, on small withdrawals of grain
by the Germans. We are also betting that if we gambled on the wrong
side, the U.S. and U.K. Governments will have to make good on their
commitments with additional wheat and additional shipping.

2 2 2 5

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4. THEMEFORM:

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2. 1. Even these availabilities will not materialize unless we get sufficient transport to make the fullest use of local resources. This in turn depends on (a) whether Washington comes through with at least the 1,700 trucks now under requisition (for the south), and with the additional trucks needed for the north (at least 3,500 under the most favorable possible conditions); and (b) on getting additional coastal ships, locomotives and freight cars from the military for the long-distance hauling of wheat.

- 2 -

B. MISCELLANEOUS FOODS1. Dried Vegetables, Dehydrated Soups, Meats and Vegetable Stew

Stocks of all these foods are very low, with no additional shipments approved (although bids were put into Washington two months ago). If no general issues are continued, stocks will last as follows:

Dried Vegetables - until 20 December
Dehydrated Soup - until 15 January
Meats and Vegetables - until 1 March

In order to keep some stocks of these foods on hand for special needy consumer groups, the Economic Section will discontinue the general issue of dried vegetables and soup on 1 December, and of meats on 1 January. The stocks will then be furnished only to special classes such as hospitals, public safety agents, school children, relief and welfare institutions, and civilians working for Allied agencies.

2. Sugar.

Ration is 125 grams per person per month, on a when and in basis. Only issues that can be made will be from imports (one ship is due in a couple of weeks), and the ration is foregone as often as it is issued.

3. Milk

very low

No stockpile whatever on hand, and no advice or any future arrivals.

4. Fats

Distribution and ration depend on the success in emassing the Italian crop of olive oil. If emassing estimates are realized a ration of 400 grams per person can be issued.

From November arrivals a stockpile is being built for the North; but it will only be large enough to last one month (2,200 tons, which will take care of 17,000,000 people at 125 grams per capita).

Soap - No imports or soap are scheduled. Production in territory controlled by the Italian Government is sufficient only for ration of 100 grams per head per month.

the stockpile will then be rationed only to special classes such as hospitals, public safety agents, school children, relief and welfare institutions, and civilians working for Allied agencies.

2. Sugar.

Ration is 125 grams per person per month, on a when and ir basis. Only issues that can be made will be from imports (one ship is due in a couple of weeks), and the ration is foregone as often as it is issued.

3. Milk

Western

No stockpile whatever on hand, and no advice of any future arrivals.

4. Fats

Distribution and ration depend on the success in smelting the Italian crop of olive oil. If smelting estimates are realized ration of 400 grams per person can be issued.

From November arrivals a stockpile is being built for the North; but it will only be large enough to last one month (2,200 tons, which will take care of 17,000,000 people at 125 grams per capita).

Soap - No imports or soap are scheduled. Production in territory controlled by the Italian Government is sufficient only for ration of 100 grams per head per month.

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THE PRICE OF BREAD AND PASTA

(Report of a meeting held between representatives of the Economic Section, AC, and of the Italian Government, 18 November 1944.)

1. A Committee of the Italian Government composed of the Minister of Treasury, Soleri; Minister of Agriculture, Gullo; and Minister (without portfolio) Di Gaspari, has submitted a proposal to increase the price of bread from 5 lire per kilo to 8 lire per kilo.
2. The cost of bread, otherwise known as the economic price, was formerly 12 lire and is now 15 lire a kilo. Hence, the increase in the retail price is in direct relation to the increase in cost, i.e. 3 lire per kilo. The Government intends to continue to subsidize the spread between the economic price and the price paid by the public.
3. The Government intends to establish some special provision for certain categories of consumers such as the unemployed and displaced persons. The Committee is not prepared at this moment to present any formal plan but we have indicated that we shall review the matter with them and offer some suggestions on the categories to be included in any "special ration" scheme.
4. The Government has indicated that the price of pasta will be correspondingly increased. It is now 7 lire and will be increased to a maximum of 12 lire.
5. While agreeing in principle with the proposition that the price of bread should be increased, the Economic Section suggested that the publication of the new price should be so timed as to tie in with a possible increase in the ration to 300 grams, and the transfer to the Italian Government of administrative responsibility for feeding of Italy.
6. The Ministers have agreed that a single press release should be issued on all these points. In the event that we are unable by 23 November 1944 to assure them of a satisfactory solution of the bread ration problem, the information on the price increase will be released.

SUMMARY OF PROPOSED PLAN FOR ITALIAN
UNDER-SECRETARIATE OF FOOD

1. To amass only wheat and olive oil.
2. To ration only Bread, Pasta, Olive Oil and imported commodities such as sugar.
3. To leave other locally produced foodstuffs to free enterprise, subject only to transport control, leaving these to find their own price level.
4. As fixed and low income classes will not be able to buy sufficient foodstuffs at these expected high prices, and low range of rationed commodities will not cover their fundamental food needs, to make provision for these by:
 - (a) organising Cooperatives of state employees, workers, etc., and assign foodstuffs, other than rationed items, to them. These to be controlled by a Commissioner for Cooperatives, who will be an expert executive directly under the Under Secretary of Food.
 - (b) Supplies for these Cooperatives will be obtained by:
 - (i) Direct purchase by the state of a certain amount. This not fixed and modus operandi not yet stated.
 - (ii) Taking a percentage (not stated) of commodities imported from surplus regions into large towns in this free market system.
 - (c) The responsibility for obtaining these supplies will be vested in a Commissioner for Supplies who will be an expert executive directly under the Under Secretary of Food. He will be assisted in the obtaining of information about surpluses by Regional officials who will assess surpluses, have them allocated to needy areas by his superior, and then assist in the movement. Control that these will, in fact, go to the areas nominated will be exercised by control of transport media only - all permits to move goods, etc., will be abolished. ^{Transport Food Movement} ~~Transport~~ permits would be needed only for these specific surpluses. - ~~(all other items presumably would have complete freedom of movement)~~
5. Existing Direzione Generale di Alimentazione will be retained for control of rationing system, supervision of the Consorzio Agrario and

assign foodstuffs, other than rationed items, to them. These to be controlled by a Commissioner for Cooperatives, who will be an expert executive directly under the Under Secretary of Food.

(b) Supplies for these Cooperatives will be obtained by:

- (i) Direct purchase by the State of a certain amount. This not fixed and modus operandi not yet stated.
- (ii) Taking a percentage (not stated) of commodities imported from surplus regions into large towns in this free market system.

(c) The responsibility for obtaining these supplies will be vested in a Commissioner for Supplies who will be an expert executive directly under the Under Secretary of Food. He will be assisted in the obtaining of information about surpluses by Regional officials who will assess surpluses, have them allocated to needy areas by his superior, and then assist in the movement. Control that these will, in fact, go to the areas nominated will be exercised by control of transport media only. All permits to move goods, etc., will be abolished. ^{Present Food Permit} Permits would be needed only for these specific surpluses. ~~(all other items presumably would have complete freedom of movement)~~

5. Existing Direzione Generale of Alimentation will be retained for control of rationing system, supervision of the Consorzio Agrario and the movement and distribution of rationed items only.

HEADQUARTERS ALLIED COMMISSION HURON
APO 394
ECONOMIC SECTION

SUBJECT: Status of Joint Programming of Essential Civilian Requirements

MEMORANDUM

1. On 31 October 1944, the Economic Section of the Allied Commission was authorized to begin the job of programming with the Italian Government essential civilian supplies over and above those provided by the military. The authorization is contained in Appendix "A" attached and resulted from a series of meetings held in Rome and in AFHQ.
2. The terms of reference within which it is necessary to program are somewhat indefinite, but can be summarized as follows:
 - a. The Combined Chiefs of Staff will approve only those supplies which they consider to fall within the military mission of "preventing disease and unrest." Roughly, this includes limited amounts of food, fuel, medical and sanitary supplies, electric generating plants, transportation equipment, and a few miscellaneous finished products.
 - b. The U.S. Government is making available to the Italian Government a limited amount of foreign exchange in dollars, which is represented by the dollar equivalent of net troop pay, immigrant remittances, and the proceeds from exports to the U.S., with which to purchase "non-military" supplies.
 - c. The British Government, while it has not made a similar arrangement, had indicated that it will provide the agreed British share of an agreed "non-military" program.

3. The Allied Commission had already done a considerable amount of work with the Italian Government in developing plans for first aid repairs to essential industries, for the provision of needed transportation facilities, and for the limited rehabilitation of the electric power industries on which nearly all other forms of economic activity depend. A quick summary of the thinking up to October 1944 was prepared in the form of a "Summary Outline of Essential Italian Imports," which is attached at Appendix "B". Also attached, as Appendix "C" is an outline of an Emergency Industrial Program for the rehabilitation of certain basic Italian industries during the year 1944. Appendix "D" is a summary of plans for the rehabilitation of the electric power industry in Italy, and Appendix "E" summarizes the status

a. The Combined Chiefs of Staff will approve only those supplies which they consider to fall within the military mission of "preventing disease and unrest." Roughly, this includes limited amounts of food, fuel, medical and sanitary supplies, electric generating plants, transportation equipment, and a few miscellaneous finished products.

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4. As soon as the authority was given, a meeting was held between the Economic Section, Allied Commission, and Ministry of the Italian Government concerned with economic problems. The agenda for this meeting is attached as Appendix "F", and the minutes as Appendix "G". At this meeting, the Italian Government agreed to prepare a first draft of a program of essential Italian imports, related to three possible levels of foreign exchange which might become available to Italy - 150, 200, 250 million dollars. The establishment of these hypothetical credit limits made it unnecessary to give the Italian Government one specific figure which might be taken as firm.

- 2 -

5. Following this meeting, the Italian Government set up a Committee for Reconstruction (Comitato del Ricostruzione) headed by Bartolomeo Ruini, Minister without Portfolio. This Committee is to coordinate the planning for all reconstruction in the Italian Government, and for the time being will assume the direct administrative responsibility for the present task of programming essential non-military imports.
6. The Committee for Reconstruction has now established transportation, electric power, and agricultural supplies as being the top-most priority groups followed by textile and other industries. Their priority thinking is conditioned by the fact that it is unrealistic to plan for the repair of essential industries until the transportation and power bottlenecks have been first dealt with. A draft program, based on these priorities, will be submitted to the Allied Commission by 24 November. As soon as we have agreed with the Italian Government on an overall scheme of non-military imports, the various ministries and sub-commissions will translate that scheme into specific requisitions to be transmitted to the Combined Liberated Areas Committee in Washington.

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HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION

JOINT PROGRAMMING OF ESSENTIAL
CIVILIAN SUPPLIES FOR ITALY

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

785015

JOINT PROGRAMMING OF ESSENTIAL

CIVILIAN SUPPLIES FOR ITALY

November, 1944

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- c. Paper by Rt. Hon. Harold Macmillan.
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HC:MSW

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

MEMORANDUM

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1. On 31 October 1944, the Economic Section of the Allied Commission was authorized to begin the job of programming with the Italian Government essential civilian supplies over and above those provided by the military. The authorization is contained in Appendix "A" attached and resulted from a series of meetings held in Rome and in AFHQ.
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 - a. The Combined Chiefs of Staff will approve only those supplies which they consider to fall within the military mission of "preventing disease and unrest". Roughly, this includes limited amounts of food, fuel, medical and sanitary supplies, electric generating plants, transportation equipment, and a few miscellaneous finished products.
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 - c. The British Government, while it has not made a similar arrangement, has indicated that it will provide the agreed British share of an agreed "non-military" program.

3. The Allied Commission had already done a considerable amount of work with the Italian Government in developing plans for first aid repairs to essential industries, for the provision of needed transportation facilities, and for the limited rehabilitation of the electric power industries on which nearly all other forms of economic activity depend. A quick summary of the thinking up to October 1944 was prepared in the form of a "Summary Outline of Essential Italian Imports," which is attached at Appendix "B". Also

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 - b. The U.S. Government is making available to the Italian Government a limited amount of foreign exchange in dollars, which is represented by the dollar equivalent of net troop pay, immigrant remittances, and the proceeds from exports to the U.S., with which to purchase "non-military" equipment.
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4. As soon as the authority was given, a meeting was held between the Economic Section, Allied Commission, and Ministers of the Italian Government concerned with economic problems. The agenda for this meeting is attached as Appendix "F", and the minutes as Appendix "G". At this meeting, the Italian Government agreed to prepare a first draft of a program of essential Italian imports, related to three possible levels of foreign exchange which might become available to Italy - 150, 200, 250 million dollars. The establishment of these hypothetical credit limits made it unnecessary to give the Italian Government one specific figure which might be taken as firm.

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6. The Committee for Reconstruction has now established transportation, electric power, and agricultural supplies as being the top most priority groups, followed by textile and other industries. Their priority thinking is conditioned by the fact that it is unrealistic to plan for the repair of essential industries until the transportation and power bottlenecks have been first dealt with. A draft program, based on these priorities, will be submitted to the Allied Commission by 24 November. Assoon as we have agreed with the Italian Government on an overall scheme of non-military imports, the various ministries and sub-commissions will translate that scheme into specific requisitions to be transmitted to the Combined Liberated Areas Committee in Washington.

APPENDIX "A"

SECRET

COPY

Ref: 4001/10/COS

31st October, 1944

SUBJECT: "The New Deal for Italy".

TO : COS, Economic Section.

APP. "A"

1. I attach herewith minutes of a conference held in Rome on 26 October at which you were present, copy of Mr. Macmillan's paper entitled "The New Deal for Italy", minutes of the meeting held at the Resident Minister's Office on October 23, and copy of telegram which it was proposed should be sent by ROME to the COS.

2. The A/COS directs that immediate action should be taken on the lines of 3(a) of the minutes of 26 October as amplified by the discussion recorded at the meeting on 23 October.

3. Section 12 (A) of Mr. Macmillan's paper indicates the form which the programme should take and you should take immediate steps to prepare (a) requisitions under the direct and indirect formula, and (b) a general programme for industrial first aid. This latter programme should be drawn up as rapidly as possible in consultation with the Italian Government. It will be impossible to envisage from them the figure of 200 million dollars indicated as available but this should be proposed to them merely as a target figure and no commitment of any kind should be made that the sum will be forthcoming.

4. The A/COS will be glad to know how you propose to set about this programme at the first opportunity.

/s/ M. S. LUSH

Brigadier,
Chief of Staff

(b) a general program for industrial first aid. This latter program should be drawn up as rapidly as possible in consultation with the Italian Government. It will be impossible to conceal from them the figure of 200 million dollars indicated as available but this should be proposed to them merely as a target figure and no commitment of any kind should be made that the sum will be forthcoming.

4. The A/CE will be glad to know how you propose to set about this programme at the first opportunity.

/s/ A. S. LUSH

Brigadier,
Chief of Staff

31/5
31/5

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ACC

G-5 AFHQ

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ARMED FORCE HEADQUARTERS

G-5 SECTION

AFG 512

CEL-R/ahs

October 27 1944

RECOMMENDATIONS AND SUPPLY POLICY OF ITALYMINUTES OF A CONFERENCE HELD IN ROME ON 26 OCTOBER 1944.1. Present:

Rt. Hon. Harold Macmillan
Sir Anthony Huxford
Hon. Alexander Kirk
Mr. Giffie

Gen. G. Clark, CAG, AFHQ
Colonel Lavin-Harris, G-5
Lt. Col. Goodbody, AFHQ

Commodore Stone)
Brigadier Lush) ACC
Mr. Antolini)

2. The meeting had before them:

- (a) Minutes of a meeting held at the Resident Minister's office at Caserta on 23rd of October,
- (b) Some papers drafted by Mr. Mitchell and Mr. Morris, for the Resident Minister,
- (c) A paper entitled "The New Deal for Italy" (Civil Supplies), by Mr. Macmillan,
- (d) A draft telegram prepared by Mr. Macmillan for despatch by SACRED to the Combined Chiefs of Staff, after discussion with Mr. Macmillan.
3. After some discussion, during which Mr. Macmillan stressed the importance of having a plan in readiness should the policy recommended by SACRED be approved, it was agreed that the following recommendations should be made to SACRED:

- (a) That he should issue to G-5 AFHQ and to SAC a directive on the lines of the Resident Minister's draft paper on "The New Deal for Italy", with instructions that they should work these out in the closest cooperation (See 2a above).

2. The meeting had before them:

- (a) Minutes of a meeting held at the Resident Minister's office at Caserta on 23rd of October;
- (b) Some papers drafted by Mr. Mitchell and Mr. Harris, for the Resident Minister;
- (c) A paper entitled "The New Deal for Italy" (Civil Supplies), by Mr. Macmillan;
- (d) A draft telegram prepared by Mr. Macmillan for despatch by SACOMB to the Combined Chiefs of Staff, after discussion with Mr. Macmillan.

3. After some discussion, during which Mr. Macmillan stressed the importance of having a plan in readiness should the policy recommended by SACOMB be approved, it was agreed that the following recommendations should be made to SACOMB:

- (a) That he should issue to G-5 AFM and to SAC a directive on the lines of the Resident Minister's draft paper on "The New Deal for Italy", with instructions that they should work these out in the closest cooperation (see 2c above).

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- (b) That the Resident Minister should discuss with SACOMB the despatch of 2 personnel telegrams on the lines of the Resident Minister's draft (see 2d above).

- (c) That the last sentence of para 3(a) of the Resident Minister's paper (see 2c above) should be amended to read "This arrangement will continue so long as Italy is a theatre of, or base for, military operations, and for a period of six (6) months thereafter".

- (d) That an amendment to the same effect as 3c above be made to para 3 of the draft telegram (see 2c above).

4. That in the meantime, the SAC should prepare without delay a programme on the lines of the Resident Minister's paper (see 2c above).

(Sgd) C. E. GILK-MARRIS, Colonel
Deputy Asst. Chief of Staff
G-5

SECRET

THE UNITED STATES AND ITALY
CIVIL RECONSTRUCTIONSection I.

SAC has received no instructions from the Combined Chiefs of Staff. But he proposes to make the following assumptions, based upon a reasonable interpretation of the declarations of the President and the Prime Minister.

(a) Imports for civilian needs of consumption goods and certain durable and capital goods will continue to be provided and financed as heretofore, by the military authorities. The "disposal and interest" formula will still apply; but it will be interpreted more generously so as to provide for the proper needs of the population. These will include a uniform bread ration of 300 grams, essential clothing, trunks, mobile power units and many miscellaneous items.

This arrangement will continue so long as Italy is a Theatre of, or Base for, military operations, and for a period of six months thereafter.

(b) In addition to supplies requisitioned under (a), there will be a further programme of "Industrial first-aid". For planning purposes this programme will be regarded as of the order of 200-250 million dollars to be spent over a period of twelve months in presently liberated Italy.

Section II

In order to make as rapid progress as possible, SAC will

generously so as to provide for the proper needs of the population. These will include a uniform bread ration of 300 grams, essential clothing, trunks, mobile power units and many miscellaneous items.

This arrangement will continue so long as Italy is a theatre of, or base for, military operations, and for a period of six months thereafter.

(b) In addition to supplies requisitioned under (a), there will be a further programme of "industrial first-aid". For planning purposes this programme will be regarded as of the order of 200-250 million dollars to be spent over a period of twelve months in presently liberated Italy.

Section II

In order to make as rapid progress as possible, SAC will direct as follows:-

- A. (i) G-5 will forward to C. C. S. any requisitions from A. C. received since August 1st but not yet already forwarded to Washington. These should be handled as little as possible. The generous interpretation of the "Diseases and Insects" formula mentioned in I (a) will be observed.
- (ii) G-5 will review all requisitions received since August 1st which have already been forwarded to C. C. S. and, in the light of the new interpretation, supplementary requisitions if necessary will be detached.
- (iii) A. C. will examine all the requisitions which they have sent to G-5 before August 1st. Should any of these not have been

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forwarded in full by HQ for immediate consideration should be given as to whether supplementary requisitions should not be filed in the light of I (a).

5. (1) In accordance with Section I (b), SAC will instruct A. C. to draw up a definite programme of industrial first-aid. He understands that a tentative programme has already been compiled. In drawing up this programme it is important to aim at a balance between power and industrial facilities. A calculation can now be made of the amount of indigenous power likely to come into operation during the next six months out of the repair of existing Italian plants. Machine tools and industrial supplies generally should be ordered which can be operated with this source of power. The remainder of the programme should include both hydro-electric generating equipment and industrial supplies to be used by that equipment when ready. It is a matter for study in what proportion the expenditure on these two items should be. The programme will naturally have to be modified from time to time in accordance with the world supply situation.

(11) A. C. will consult as they think fit the appropriate Italian authorities and secure Italian cooperation in preparing the programme, particularly with regard to priorities. Care should be

taken to explain to the Italians the well-known

should be ordered which can be operated with this source of power. The remainder of the program should include both hydro-electric generating equipment and industrial supplies to be used by that equipment when ready. It is a matter for study in what proportion the expenditure on these two items should be. The program will naturally have to be modified from time to time in accordance with the world supply situation.

(11) A. C. will consult as they think fit the appropriate Italian authorities and secure Italian cooperation in preparing the program, particularly with regard to priorities. Care should be taken to explain to the Italians the preliminary character of

the planning and that there is no guarantee either as regards the provision of supplies or of finance. The figure of 250,000,000 dollars should not be mentioned to the Italians and should only be taken by AC as giving a general guide to the size of the program.

Experience has shown that "progress officers" are required to ensure the placing and filling of requisitions, whether placed under A or B above. They will therefore arrange with AC to send an appropriate small team to Washington for this purpose.

It would be a great advantage if one or more of these were familiar not only with the civilian requirements of Italy but with the working of the supply organizations at Washington. The latter could perhaps be found in Washington and attached to the team.

A telegram will be sent to the Combined Chiefs of Staff, Office of the Secretary of Defense, Washington, D.C., 25 August 1945, subject as above.

CONFIDENTIAL

Minutes of a meeting held in the Resident
Minister's Office at Caserta at 11.15 a.m.
on October 21st 1944.

Present:

Mt. Hon. Harold Macmillan
Mr. Gairle
Sir Anthony Kestel
Mr. Harman
Hon. Alexander Kirk
Mr. Mitchell
Mr. Offie
Mr. Jackson

Mr. Macmillan invited Mr. Mitchell to describe his visit to the
ACC at Rome.

Mr. Mitchell said he felt that the visit which he and Mr. Gairle, Mr. Harman and Mr. Harman had paid to Rome had been of real value and would greatly assist in the understanding in Washington and London of the problems of the ACC. On arrival in Rome, Mr. Mitchell said that they had found that the ACC had not prepared, as reports in Washington and London had indicated, that the ACC had been doing a comprehensive 13 months import programme from September 1st 1944 to October 31 1945, covering the estimated Italian civilian needs for the supplies falling within the existing "diseases and unrest" directives, together with a list of the elementary needs of the Italian economy for some industrial supplies of a sort not covered by this directive. The ACC had confined themselves to putting forward their requisitions periodically in accordance with normal practice and in accordance with the instructions which they had received.

After some discussion of the matter with Commodore Stone and Brig. Lamb, the head of the Political Section and the Acting head of the Economic Section, it had been agreed that during Mr. Mitchell's visit to ACC, the ACC would attempt to prepare a 12 months programme for such industrial supplies up to an arbitrary figure of dollars 250,000,000. Mr. Mitchell said that an attempt, and a very good attempt, to prepare such a programme had been made, but in the short time available it had not been possible for the Economic Section of the ACC to do much more than to indicate in general terms the type of supplies on which, in the opinion of the Economic Section, it was desirable to spend such a sum. It had not been possible to draw up detailed requisitions which would be necessary if procurement was to be proceeded with. Commodore Stone had agreed, however, to proceed with this necessary task, and meanwhile had suggested that copies of the general statement should be forwarded by the ACC to Mr. Mitchell with the object of their approval of it were obtained, of copies of this document being taken back to Washington and London by himself and Mr. Jackson as an indication of the sort of supplies beyond those covered by the

1945, covering the estimated Italian civilian needs for the supplies falling within the existing "disease and unrest" directives, together with a list of the elementary needs of the Italian economy for some industrial supplies of a sort not covered by this directive. The AGC had confined themselves to putting forward their requisitions verbatim in accordance with normal practice and in accordance with the instructions which they had received.

After some discussion of the matter with Commodore STONE and Mr. LUMI, the head of the Political Section and the Acting head of the Economic Section, it had been agreed that during Mr. KIRK's visit to AGC, the AGC would attempt to prepare a 12 month programme for such industrial supplies as to an arbitrary figure of dollars 250,000,000. Mr. KIRK said that on attempt, and a very good attempt, to prepare such a programme had been made, but in the short time available it had not been possible for the Economic Section of the AGC to do much more than to indicate in general terms the type of supplies on which, in the opinion of the Economic Section, it was desirable to spend such a sum. It had not been possible to do up detailed requisitions which would be necessary if procurement was to be proceeded with. Commodore STONE had agreed, however, to proceed with this necessary task, and meanwhile had suggested that copies of the general statement should be forwarded by the AGC to AFHQ with the object of their approval of AFHQ were obtained, of copies of this document being taken back to Washington and London by himself and Mr. KIRK as an indication of the sort of supplies, beyond those covered by the "disease and unrest standard", which the AGC would like to secure. Provided AFHQ agreed detailed requisitions would follow later.

Mr. KIRK said that whilst the work of compiling this general statement was being done by the AGC, Commodore STONE had received from Mr. KIRK, a paraphrase of a telegram dated October 15th from the Department of State in which it was stated that "the date on which the U. S. Army will relinquish its responsibility for procurement" had not yet been decided upon, and in which it was further indicated that there was a possibility that procurement by the U. S. Army of "basic commodities" might continue "for some months". The same telegram went on to indicate, however, that there was also in contemplation by the U. S. Government a method of financing supplies supplementary to those to be furnished by the U. S. Army and for which the U. S. Government would have no financial responsibility. Mr. KIRK said that in view of the fact that this telegram appeared to cast doubt on the length of time for which the U. S. Army would continue to finance the U. S. share of the basic supplies to be provided, Commodore STONE had felt it

SECRET

- 2 -

Immediately necessary to request Mr. Wilson to telegraph to the State Department to ask them to enquire of the Combine Chiefs of Staff and for the latter to inform AFHQ for how long the U. S. War Department would continue to finance such items, and to point out that the absence of certainty on this point made it impossible for the AGC to know how and when to plan to use, for the purpose of requiring supplementary supplies, the funds released by the President in his statement of October 10th.

Mr. Wilson said that a telegram making these points had been sent by the U. S. Embassy to the State Department.

Some discussion of the nature of the general statement submitted by the AGC to AFHQ for transmission to Washington and London by Messrs. Mitchell and Connelley then followed. Mr. Mitchell pointed out that whilst this statement was useful in that it indicated the type of industrial supplies which the AGC considered it needed, it was defective in one respect in that it did not relate what was required in the way of supplementary supplies to the existing power capacity of South and Central Italy and the capacity likely to become available in that area in the first three months of 1945 as a result of the extensive repair work now being done by the Italians, if a true import programme of supplementary industrial supplies was to be prepared it must be related both to the power that could shortly become available, and must also take into account the possibility of the need to expend some part of the theoretical dollars 250,000,000 on the purchase of additional hydro-electric generating capacity.

Some further general discussion then followed and it was agreed that in the absence of instructions from the CG as to the manner in which the joint statement of September 26th and the President's statement of October 10th should be interpreted, the position urgently required that planning should, nevertheless, proceed, because (a) it was impossible for General Wilson to carry out his responsibility as Supreme Allied Commander-in-Chief Mediterranean and as President of the AGC unless he could count upon the receipt of the civilian supplies necessary for the conduct of military operations in Italy, (b) because it was equally impossible for AGC to plan the use, for the purchase of supplementary supplies of the funds to be released to the Italian Government by the President's statement of October 10th.

It was suggested that, and Mr. Macmillan asked, that there be prepared for discussion with General Spogliato on his return.

a) Draft instructions from General Wilson to the G-5 Branch of AFHQ of the manner in which the existing disease and unrest directive of the CG should be interpreted in the light of the joint statement.

must be related both to the power that would shortly become available, and must also take into account the possibility of the need to expend some part of the theoretical dollars 250,000,000 on the purchase of additional hydro-electric generating capacity.

Some further General discussion then followed and it was agreed that in the absence of instructions from the CCM as to the manner in which the joint statement of September 26th and the President's statement of October 10th should be interpreted, the position urgently required that planning should, nevertheless, proceed, because (a) it was impossible for General Wilson to carry out his responsibility as Supreme Allied Commander in Chief Mediterranean and as President of the ACC unless he could count upon the receipt of the civilian supplies necessary for the conduct of military operations in Italy; (b) because it was equally impossible for ACC to plan the use, for the purchase of supplementary supplies of the funds to be released to the Italian Government by the President's statement of October 10th.

IT WAS THEREAFTER AGREED, and MR. MACMILLAN asked, that there be prepared for discussion with General HOPKINS on his return:

a) Draft instructions from General Wilson to the C-5 Branch of AFHQ, in the manner in which the existing disease and unrest directives of the CCM should be interpreted in the light of the joint statement of September 26th.

b) Complimentary instructions to the ACC on the lines of (a) above, and also instructions to prepare a supplementary programme.

c) A draft telegram from General Wilson to the CCM informing them:

(i) of the difficulties in which AFHQ and ACC found themselves in the absence of instructions about the statement of the President and the Prime Minister.

(ii) of the action he was taking under (a) and (b) above, and

(iii) stating that he desired immediate assurance from the Combined Chiefs of Staff that so long as Italy should remain a base of military operations and for a few months thereafter, the basic supply items required by the civilian population of Italy would be forthcoming.

There is attached to this record a recital of the action to be taken.

24th October 1944

SECRET COPY

MAINT TUESDAY

From: General Wilson
 To: Combined Chiefs of Staff
 Subject: Civilian Supplies for Italy.

In view of the public statements of the President and of the Prime Minister, I am proposing to take the following steps:

(1) I am arranging for all current requisitions for civilian supplies to be reviewed on two assumptions; first, that they will be provided and financed as heretofore by the military authorities; secondly, that they would be framed upon a more generous interpretation of the "disease and unrest" formula.

(2) In conformity with the joint statement of September 26th and the President's statement of October 10th, I have instructed the Allied Commission to draw up a programme of industrial first-aid. This will be forwarded to you as soon as possible.

(3) I am assuming that the necessary finance for (1) will be provided so long as Italy is a theatre of military operations and for a period of six months thereafter.

(4) For planning purposes for (2) I am assuming an expenditure commensurate with the sources of new finances outside military responsibility mentioned in the President's statement, to be spent over a period of twelve months.

(5) In order to facilitate placing and filling of requisitions

(2) In conformity with the Joint Statement of September 26th and the President's statement of October 10th, I have instructed the Allied Commission to draw up a programme of industrial first-aid. This will be forwarded to you as soon as possible.

(3) I am assuming that the necessary finance for (1) will be provided so long as Italy is a theatre of military operations and for a period of six months thereafter.

(4) For planning purposes for (2) I am assuming an expenditure commensurate with the courses of new finance outside military responsibility mentioned in the President's statement, to be spent

over a period of twelve months.

(5) In order to facilitate placing and filling of requisitions of both programmes, I am proposing to send a small number of progress officers to be permanently stationed in Washington.

I make a strong personal plea for your approval of my action. Official statements by the Heads of the United States and British Government have raised high hopes in Italy. As the officer charged with the conduct of military operations in that country and responsible for securing the utmost cooperation of its inhabitants, I felt that I could take no other course.

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APP. " B "

HEADQUARTERS
ALLIED ~~GENERAL~~ COMMISSION
ECONOMIC SECTION
APO 394

SECRET

SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

3103

2257

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

785015

SECRET

October 1944

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SUMMARY OUTLINE OF ESSENTIAL ITALIAN IMPORTS

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

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

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

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

Transportation

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

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

The need for trucks is so acute that they are considered to be in a special priority class by themselves. On this basis, the estimated

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

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

Category "A" Supplies

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

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

Certain commodities require special comments, as follows:

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

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

Power - After very considerable effort, Southern Italy has been provided with power for most of its essential needs. In Central Italy, where 94 percent of all generating capacity was destroyed, the actual need runs into hundreds of thousands of kilowatts. Of the

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

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

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

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

Category "B" Supplies

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

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

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

(2) Two-thirds of Italy's productive power is not yet liberated. The condition in

may require the import of certain quantities of findings and leather to aid in this repair project.

Category "E" Supplies

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

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

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

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

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

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

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

Assuming that \$250,000,000 is all the exchange which will be available for the whole country, it will be necessary to keep in reserve at least about \$65,000,000 for urgent needs in the north. The rest of the exchange can be tentatively allocated to the southern part of the country on the theory that most of the supplies (other than equipment for hydroelectric plants) which will be purchased for the south with the available funds can equally well be used in the north if the need there proves to be more urgent at the time the supplies actually become available in Italy.

The remaining ^{185,000,000}~~190,000,000~~ would be applied almost entirely to industrial and agricultural production, and to the services necessary to any production. More than two-thirds of this sum, \$130,500,000, would be allocated to the partial rehabilitation of the power industry, since virtually all production in Italy has been geared to electricity. Another \$6,000,000 would go for heavy equipment to be used in public works. Agricultural supplies, reclamation equipment, and supplies for the fishing industry, would take up about \$6,650,750, while ^{940,872,000}~~\$46,140,000~~ is estimated as the cost of rebuilding, repair, maintenance and operating supplies for the industries which make (a) goods essential to the living of any civilized people (clothing, for example), and (b) materials needed for the gradual rebuilding of power industry and the consumer industries themselves (e.g., cement and steel).

The significant thing about this (or any other) allocation of this kind is that it is the following: With ^{185,000,000}~~\$185,000,000~~ it is not

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The significant thing about this (or any other) allocation of this limited sum of money is the following: With ~~\$130,000,000~~ ^{\$185,000,000} it is not possible to start production going in Italy to any considerable extent; all that can be hoped for is to put some plants in some basic industries in a position where they can make needed goods if they get the raw materials.

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

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

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

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

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

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The following table summarizes the
to the various categories of essential needs.

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TABLE I

TENTATIVE ALLOCATION OF FUNDS FOR CATEGORY "B"
IMPORTS INTO ITALYTotal funds assumed to be available 250,000,000

ELECTRIC POWER INDUSTRY (1)

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

130,500,000

PUBLIC WORKS (2)

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

6,500,000

40,872,000

BASIC INDUSTRIES (5)

AGRICULTURE AND FISHERIES (6)

6,150,750

Total funds allocated

184,022,75065,977,250

Reserve for urgent needs

Total funds assumed to be available

250,000,000

NOTES ON TABLE I

(1) One half of the figures shown in Appendix "B" as imports for power industry, south of the Pisa-Rimini line.

(2) South of Pisa-Rimini Line.

(3) LAC Airgram 35 requisitioned a list of heavy engineering equipment for public works, for the area south of Naples. This requisition, which has never been approved by the Combined Chiefs of Staff, would cost roughly \$2,000,000.

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BASIC INDUSTRIES (5)

AGRICULTURE AND FISHERIES (6)

6,150,750

Total funds allocated

184,022,750

Reserve for urgent needs

65,977,250

Total funds assumed to be available

250,000,000

NOTES ON TABLE I

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

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APPENDIX A
Estimated Requirements
for Trucks and Related Supplies by Area

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

NOTES

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

NOTES

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APPENDIX B

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

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

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Cont'd: Appendix B.

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

" -135-QM
 " -142-QM
 " -159-QM
 " -160-QM
 " -193-ENG
 " -212-QM
 " -213-QM
 " -214-QM

340

50
68
69
704

Supplies for Forestry

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

4

Mining Supplies, Coal

MGS- 51-ENG
 " - 52-ENG
 " - 69-ENG
 " - 70-ENG
 " - 81-ENG
 " -133-ENG
 " -145-ENG
 " -155-ENG
 " -182-ENG

8
15
20
37

Sulphur

MGS - 73-ENG
 " - 74-ENG
 " - 75-ENG
 " - 80-ORD
 " -131-ENG
 " -168-ORD
 " -174-ORD
 " -197-ENG
 " -148-SIG
 " -195-ENG
 " -196-SIG

6

55
52
54

Essential Industrial Production Supplies:

Chemical Industry

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

Hemp Industry

MGS- 87-QM

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Cont'd: Appendix B.

<u>Commodity or Industry</u>	<u>Reference Number MGS or ACC</u>	<u>LAC Airgram Number</u>
Textile Industry	MGS-164-QM " -183-QM " -202-QM " -203-QM	25 38 59 60
Cigarette Industry	MGS-205-ENG	62
Printing Industry	MGS- 46-QM " -126-QM " -139-QM " -148-QM " -167-QM	330 29
Match Production	MGS-137-QM	
Soap Production	MGS- 89-QM " -186-QM " -192-QM	554 614
<u>Paper:</u> Newsprint	MGS-139-QM " -126-QM " -148-QM " -167-QM	330
Ration Card Paper	MGS-129-QM	5
Paper for Banking	MGS-128-QM " -163-QM " -123-QM	34 24 2 & 31
Paper for School Books	MGS-124-QM " -200-QM	1 66

Match Production	MGS-137-QM	
Soap Production	MGS- 89-QM	554
	" -186-QM	614
	" -192-QM	
<u>Paper:</u>		
Newsprint	MGS-139-QM	330
	" -126-QM	
	" -148-QM	
	" -167-QM	
Ration Card Paper	MGS-129-QM	5
Paper for Banking	MGS-128-QM	34
	" -163-QM	24
	" -123-QM	2 & 31
Paper for School Books	MGS-124-QM	1
	" -200-QM	66
Export Trade (lemon wrapping paper, etc.)		
	MGS-172-QM	383
	" -158-QM	26
	" -165-QM	71
	" -219-QM	
<u>Miscellaneous Supplies:</u>		
Flour Mills	ACC-ENG-33-45	
Candles	MCS-208-QM	65
Paper Bags	MCS-121-QM	209
	" -179-QM	12
	" -156-QM	

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

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APPENDIX C

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

Commodity	Jan.	Feb.	Mar.	Apr.	May	Jun.	Total
Wheat-North	87,000	150,000	159,000	59,000	159,000	159,000	882,000
Wheat-South	-	-	-	1,000	125,000	125,000	251,000
Total	87,000	150,000	159,000	60,000	284,000	284,000	1,133,000
Sugar-North	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Sugar-South	4,560	4,560	4,560	4,560	4,560	4,560	27,360
Total	7,260	7,260	7,260	7,260	7,260	7,260	43,560
Milk, dry, skim							
North	475	475	475	475	475	475	2,850
Milk, ecc. South							
Total	3,520	3,520	3,520	3,520	3,520	3,520	21,120
	3,995	3,995	3,995	3,995	3,995	3,995	23,970
Vegs. Dried-No.	14,610	14,610	14,610	14,610	14,610	14,610	87,660
Vegs. Dried-Sou.	7,710	7,710	7,710	7,710	7,710	7,710	46,260
Total	22,320	22,320	22,320	22,320	22,320	22,320	133,920
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,530	1,530	1,530	1,530	1,530	1,530	9,180
Total	3,360	3,360	3,360	3,360	3,360	3,360	20,160
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,185	198,185	198,185	185-198,185	323,185	323,185	1,368,110

(1) See Notes for basis of estimates

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

Vegs. Dried-Sicily	7,710	7,710	7,710	7,710	7,710	7,710	48,150
Vegs. Dried-Sardinia	22,320	22,320	22,320	22,320	22,320	22,320	133,320
Total							
Meat-North	1,830	1,830	1,830	1,830	1,830	1,830	10,980
Meat-South	1,530	1,530	1,530	1,530	1,530	1,530	9,180
Total	3,360	3,360	3,360	3,360	3,360	3,360	20,160
Fats - North	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Total Mainland	126,105-198,187-198,185-198,185-323,185-323,185						1,368,110

(1) See Notes for basis of estimates.

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

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	Total
3134 Meat-Sicily							
Wheat-Sardinia	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Total	8,000	8,000	8,000	8,000	8,000	8,000	48,000
Sugar-Sicily	1,050	1,050	1,050	1,050	1,050	1,050	6,300
Sugar-Sardinia	300	300	300	300	300	300	1,800
Total	1,350	1,350	1,350	1,350	1,350	1,350	8,100
Vegs. Dried Sardinia							
Total	325	325	325	325	325	325	1,950
	9,675	14,675	14,675	14,675	14,675	14,675	88,500

(1) See Notes for basis of estimates.

Cont'd: Appendix C.

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

WHEAT

based on normal daily ration of 300 grams of bread (or the equivalent of 240 grams of flour) plus 128g for supplemental rations, with extraction rate for flour at 90% of wheat. Population to be fed calculated at 75% for South of Pisa-Rimini line and at 80% for north thereof based on our experience in south and Italian experience in north and south. Of estimated harvest of 2,036,000 metric tons, it is assumed that 1,412,000 will be consumed during 1944 leaving 624,000 metric tons to reduce indicated imports during 1945. (See "Wheat requirements for Italy" dated 7 August 1944 and amendment thereto dated 6 September 1944.)

SUGAR

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

MILK

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

VEGETABLES DRIED

Mainland North of P-R line is based on feeding 80% of population 28 grams per day. Mainland south of P-R line is based on feeding 50% of population 28 grams per day. Sicily based on LAC 16 of 3 May 1944.

MEAT

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

FATS

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

MILK Fluid milk for children under two years of age is based on feeding 50% of population 28 grams per day, excluding children of milk for children 2 to 12 years of age, excluding children of milk producers. Fluid supply for non-producers estimated at 40% of 1942 supply as result of experience in liberated areas not unduly affected by enemy action. One part dry skim milk plus one part fluid milk plus eight parts water treated as substitute for 10 parts fluid milk although caloric value is substantially less.

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

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

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

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

21 Sep 44.

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APPENDIX "I"

CATEGORY A: ESSENTIAL MINERAL IMPORTED FERTILIZERS, PESTICIDES AND FARM MACHINERY REQUIREMENTS
(For Spring Use in 1945)

Compartments	Ammonium Nitrate	Potassium Sulfate	Copper Sulfate	Copper Oxide	Zinc Phos.	Lead Ars.	Sod. Ars.	Cryo-lite	Tractors
Piemonte	16,500	7,500	4,480	1,135	-	45	1	6	110
Liguria	775	200	740	420	-	18	3	2	-
Lombardia	20,565	5,550	2,480	365	-	34	1	5	270
Venezia Tridentina	880	650	860	210	-	122	1	18	10
Veneto	11,245	3,450	3,300	320	-	65	2	9	190
Venezia Giulia e Zara	640	300	500	115	-	9	-	1	10
Emilia	16,100	1,600	3,420	635	0.5	99	10	14	320
Toscana	7,405	200	4,070	395	-	31	5	12	)
Marche	3,715	150	960	435	1.5	14	2	2	)
Umbria	1,760	150	750	115	-	17	-	2	)
Lazio	3,300	150	2,000	575	1.0	21	6	3	)
Abruzzi	2,470	50	1,090	140	-	17	-	2	)
Molise	210	-	-	-	-	-	-	-	)
Campania	7,145	350	2,670	335	1.0	108	4	15	) 750
Puglia	3,800	350	2,250	765	-	25	4	4	)
Lucania	305	-	120	70	-	1	-	-	)
Calabria	1,520	50	280	125	-	8	-	1	)
Sicilia	5,425	750	460	520	-	16	2	3	)
Sardegna	550	-	130	325	-	2	1	1	)
Total	104,310	22,000	36,000	7,000	4.0	700	50	100	1,160

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

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

APPENDIX "D"

(1)

LANDS, PESTICIDES AND FARM MACHINERY REQUIREMENTS FOR ALL TALEY
(For Spring Use in 1945)

Copper Oxy- chloride	Zinc Phos.	Lead Ars.	Sod. Ars.	Cryo- lito	Tractors	Plows	Binders	Harrows	Trailers
1,135	-	45	1	6	110	50	50	40	} Estimated basic minimum initial needs
420	-	16	3	2	-	-	-	-	
365	-	34	1	5	270	120	105	50	
210	-	122	1	18	10	5	-	-	
320	-	65	2	9	190	130	30	50	
115	-	9	-	1	10	5	10	-	} 100
635	0.5	29	18	14	320	150	45	100	
395	-	31	5	12	(2)	(2)	(2)	(2)	(2)
395	-	31	5	12					
435	1.5	14	2	2					
115	-	17	-	2					
575	1.0	21	6	3					
140	-	17	-	2	750	500	1,000	50	100
-	-	-	-	-					
335	1.0	103	4	15					
765	-	25	4	4					
70	-	1	-	1					
125	-	8	-	1	1,160	900	1,240	290	100
520	-	16	2	3					
325	-	2	1	1					
7,000	4.0	700	50	100	1,160	900	1,240	290	100

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ments with necessary detail of specifications and justifications
submitted through proper channels for requisition purposes.

II, inclusive.

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Appendix E

HEADQUARTERS

ALLIED CONTROL COMMISSION

Public Works and Utilities Sub-Commission

APO 194

ACC/108/PMU

5 AUG. 1944

SUBJECT: Estimates of one year's expenditure for damage reconstruction.

TO : Vice President, Economic Section.

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

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

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

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

We have not only made an estimate of the cost of anticipated

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

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

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

6. It should be brought out at this time that these estimates are based upon approximations and upon available data which in several respects are not complete, and for that reason these figures should be taken only as reflecting our best judgment at this time as to what this cost may possibly be.

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

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APPENDIX "C"
 INDUSTRIAL COSTS OF A LIMITED
 REHABILITATION PROGRAM FOR ITALY
 (See Notes below)

No.	Item	ELECTRIC POWER REQUIRED			IMPORTED COMMODITIES			
		1,000 Tons Required	Area		1,000 Tons		Costs	
			Area N. 1	Area N. 2	Area N. 1	Area N. 2	Area N. 1	Area N. 2
1	Sulphur	1	9	9	0.3	0.3	\$ 6,000	\$ 6,000
	Lead	2	10	10	10	10	200,000	200,000
	Zinc	2	14	14	2	2	40,000	40,000
	Iron	2	1	2	-	-	-	-
	Coal	1	15	30	0.4	0.8	3,000	16,000
2.	Sugar	1	5	10	1	2	20,000	40,000
3	Wheat	2	10	20	15	30	300,000	600,000
4	CEMENT	1	40	280	90	630	1,800,000	12,600,000
5	STEEL	1	17	85	120	600	2,400,000	12,000,000
6	Wool, superfine	2	3	18	15	90	300,000	1,800,000
7	Timber	2	23	115	4	20	80,000	400,000
8	FERTILIZERS	1	115	345	20	60	400,000	1,200,000
9	Shoe sole & material	1	1	3	-	-	-	-
10	Leather	1	0.7	2.1	-	-	-	-
11	Chemicals	2	0.5	1	3.5	7	70,000	1,400,000
12	Aluminum	1	0.05	0.1	2	4	40,000	80,000
13	Chalk/Gess							
	Carbon disulphide	1	4	20	0.9	4.5	18,000	90,000
	Caustic Soda	1	9	45	0.5	2.5	10,000	50,000
	Sod. Carbonate	1	-	-	-	-	-	-
	Sod. Nitrate	1	0.9	4.5	0.5	2.5	10,000	50,000
	Sulphuric Acid	1	1.5	7.5	-	-	-	-
	Copper Sulphate	1	0.3	1.5	0.25	1.25	5,000	25,000
	Other Chemicals	2	5	25	5	25	100,000	500,000
14	Other Industries	2	5	25	2.5	12.5	50,000	250,000
	N. 1 Area Totals		292	1173	293	1504	5,857,000	31,347,000
	N. 2 Area Totals			1173		1504		31,347,000
	Grand Totals		292	1173	293	1504	5,857,000	31,347,000

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APPENDIX II

HEADQUARTERS

ALLIED CONTROL COMMISSION

Public Works and Utilities Sub-Commission

APO 394

ACC/108/PWU

5 AUG. 1944

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

TO : Vice President, Economic Section.

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

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

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

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

5. The cost of anticipated

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

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

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

6. It should be brought out at this time that these estimates are based upon approximations and upon available data which in several respects are not complete, and for that reason these figures should be taken only as reflecting our best judgment at this time as to what this cost may possibly be.

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

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Cont'd: Appendix E.

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

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

	3. of P-R Line		N. of P-R Line		Total (Million \$'s)	
	Local Cost	Imports Cost	Local Cost	Imports Cost	Local Cost	Imports Cost
State Highways	6.45	2.20	4.85	1.50	11.30	3.70 (a)
State Hy Bridges	27.86	-	67.14	5.00	95.00	5.00 (a)
Other Highways	6.80	2.40	10.20	3.60	17.00	6.00 (c)
Other Hy Bridges	36.00	-	84.00	-	120.00	-
Buildings-Private	480.00	53.00	615.00	68.00	1095.00	121.00 (d)
Buildings-Public	65.70	7.30	85.95	9.55	151.65	16.85 (d)
Churches	0.45	0.05	0.45	0.05	0.90	0.10 (d)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00 (e)
Reclaimed Lands (Bonifiche)	2.50	0.50	5.00	1.00	7.50	1.50
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40
Acqueducts, Sewers & Cemeteries	5.40	1.60	12.00	3.00	17.40	4.60
Electrical-Power Stations	38.00	153.00	76.00	302.00	114.00	455.00

Buildings-Public	480.00	53.00	615.00	68.00	1095.00	121.00	(d)
Churches	0.45	0.05	0.45	0.05	0.90	0.10	(d)
Ports, incl. raising vessels	31.50	3.50	13.50	1.50	45.00	5.00	(e)
Reclaimed Lands (Bonifiche)	2.50	0.50	5.00	1.00	7.50	1.50	
Steam Control & Irrigation	1.35	0.15	2.75	0.25	4.10	0.40	
Aqueducts, Sewers & Cemetaries	5.40	1.60	12.00	3.00	17.40	4.60	
Electrical-Power Stations	38.00	153.00	76.00	302.00	114.00	455.00	
Electrical- Switching Stas.	15.50	60.00	30.50	120.00	46.00	180.00	
Electrical- Transmission	12.00	48.00	24.00	96.00	36.00	144.00	
Total	729.51	331.70	1031.34	611.45	1760.85	943.15	
Grand Total -	1051.21	1642.79	2704.00				

- (a) 100 MILLIONS for Machinery and 270 MILLIONS for Bitumen at \$30.00 a ton.
- (b) Imported Steel Sheeps 50,000 tons at \$100.00 a ton.
- (c) 100 MILLIONS for Machinery and 500 MILLIONS for Bitumen at \$30.00 a ton.
- (d) Estimated 10% of Total Cost for Steel and Timber.
- (e) Port Machinery.

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

NO.	Item	Quantity Packing	ELECTRIC POWER REQUIRED 1000 K.W.		INFORMED COSTS REQUIRED		Costs	
			Area Area		Tons			
			#1	#2	Area 1	Area 2	Area #. 1	Area #. 2
1	MINING							
	Sulphur	1	7	9	0.3	0.3	\$ 6,000	\$ 6,000
	Lead	2	10	10	10	10	200,000	200,000
	Zinc	2	14	14	2	2	40,000	40,000
	Iron	2	1	2	-	-	-	-
	Coal	1	15	30	0.4	0.8	3,000	16,000
2.	SOFT	1	5	10	1	2	20,000	40,000
3	WATER	2	10	20	15	30	300,000	600,000
4	CEMENT	1	40	280	90	630	1,800,000	12,600,000
5	STEEL	1	17	85	120	600	2,400,000	12,000,000
6	Various industrial chemicals	2	3	18	15	90	300,000	1,800,000
7	Timber	2	23	115	4	20	80,000	400,000
8	FERROALLOYS	1	115	345	20	60	400,000	1,200,000
9	SHOE MFG & REPAIR	1	1	3	-	-	-	-
10	Aluminum	1	0.7	2.1	-	-	-	-
11	CIGARETTES	2	0.5	1	3.5	7	70,000	1,400,000
12	Aluminum	1	0.05	0.1	2	4	40,000	80,000
13	Chemicals							
	Carbon disulfide	1	4	20	0.9	4.5	18,000	90,000
	Synthetic Soda	1	5	45	0.5	2.5	10,000	50,000
	Sod. Carbonate	1	-	-	-	-	-	-
	Sod. Nitrate	1	0.9	4.5	0.5	2.5	10,000	50,000
	Sulphuric Acid	1	1.5	7.5	-	-	-	-
	Copper Sulfate	1	0.3	1.5	0.25	1.25	5,000	25,000
	Misc. Chemicals	2	5	25	5	25	100,000	500,000
14	Other Industries	2	5	25	2.5	12.5	50,000	250,000
	A 1 Area Totals		292		293		5,857,000	31,347,000
	A 2 Area Totals			1173		1504		30,087,000
	Grand Totals		292	1173	293	1504	5,857,000	31,347,000

APPENDIX "A"
 INDUSTRIAL COSTS OF A LIMITED
 REHABILITATION PROGRAM FOR ITALY
 (See Notes below)

IMPORTED GOODS REQUIRED		ALL OTHER IMPORTS			
Area 1	Area 2	Costs Area N. 1	Area N. 2	Area N. 1	Area N. 2
0.3	0.3	\$ 6,000	\$ 6,000	\$ 450,000	\$ 450,000
10	10	200,000	200,000	225,000	225,000
2	2	40,000	40,000	225,000	225,000
-	-	-	-	50,000	100,000
0.4	0.8	3,000	16,000	600,000	1,200,000
1	2	20,000	40,000	6,000,000	12,000,000
5	30	300,000	600,000	9,000,000	18,000,000
90	630	1,800,000	12,600,000	520,000	3,640,000
20	600	2,400,000	12,000,000	2,000,000	10,000,000
15	90	300,000	1,800,000	220,000	1,320,000
4	20	20,000	400,000	1,500,000	7,500,000
20	60	400,000	1,200,000	5,500,000	16,500,000
-	-	-	-	50,000	150,000
-	-	-	-	25,000	75,000
0.5	7	70,000	1,400,000	500,000	1,000,000
2	4	40,000	20,000	3,500,000	7,000,000
0.9	4.5	13,000	90,000	50,000	250,000
0.5	2.5	10,000	50,000	2,500,000	12,500,000
-	-	-	-	-	-
0.5	2.5	10,000	50,000	300,000	1,500,000
-	-	-	-	100,000	500,000
0.25	1.25	5,000	25,000	1,000,000	5,000,000
5	25	100,000	500,000	500,000	2,500,000
0.5	12.5	50,000	250,000	200,000	1,000,000
93	104	<u>5,857,000</u>	<u>31,347,000</u>	<u>35,015,000</u>	<u>102,635,000</u>
93	1504	<u>5,857,000</u>	<u>31,347,000</u>	<u>35,015,000</u>	<u>102,635,000</u>

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NOTES:

- a) #1 Area - South of Terni - \$ 40,873,000
 b) #2 Area - All of Italy - \$ 138,982,000 -34,700 of
 c) These figures reflect our best estimate from observations (Total
 and calculations of conditions as found South of Terni.)
 d) All cost figures represent quantities over a 6 months period.

CHIEF IMPORTS REQUIRED

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

Appendix C

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

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

US Unit	South	Total Value
Value	P-R Line	North Italy

AGRICULTURE

Fertilizers, insecticides, etc.			
20,000 tons. Superphosphates	30	\$ 750,000	\$ 750,000
50 " Copper Carbonate	300		\$1,500,000

- " #11 - New Equipment & M.R.O. supplies
- " #12 - New Equipment & M.R.O. supplies
- " #13 - Plant Reconstruction & M.R.O. supplies
- " #14 - Scrap copper & M.R.O. supplies.

Appendix G

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

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

	US Unit Value	South P-R Line	Total Value North Italy	All Italy
<u>AGRICULTURE</u>				
Fertilizers, Insecticides, etc.				
20,000 tons. Superphosphate	\$	30 \$ 750,000	\$ 750,000	\$1,500,000
50 " Copper Carbonate		200	10,000	10,000
20 " Zinc Phosphate		150	3,000	3,000
200 " Spray Oil (33%)		100	5,000	20,000
Ammonium Emulsion, Volcan type)		\$ 765,000	\$ 765,000	\$1,530,000
<u>AGRICULTURAL MACHINERY, IMPLEMENTS, TOOLS, etc.</u>				
1,160 Tractors, 15 ton (of which 1,110 steel wheels and 50 rubber wheels)	\$	1,000 \$ 360,000	\$ 800,000	\$1,160,000
100 Combines		1,000	100,000	100,000
200 Balers (Belt Driven, Fld)		300	60,000	87,000
1,240 Plows		225	279,000	279,000
950 Plows		150	100,000	144,000
50 Trailers (rubber wheels)		150	3,750	7,500
		\$ 434,750	\$ 1,342,750	\$1,777,500

(cont'd on page 17)

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Cont'd: Appendix G.

	US Unit Value	South P-R Line	Total Value North Italy	All Italy
Balls, brought fwd. (Plus 10% of value for spare parts)		\$ 434,750	\$1,342,750	\$1,777,500
400 Trucks, 12 ton, wheel 1,500		43,475	134,275	177,750
600 tons Binder Twine		300,000	300,000	600,000
200 " Horsehoe Nails		250	200,000	200,000
Hand Tools (Already avail- able at US Port)		300	60,000	60,000
100 threshers (for devasted spare)		7,500	7,500	15,000
Spare Parts for these 100 threshers		50,000	100,000	150,000
		15,000	35,000	50,000
		850,725	2,179,525	3,030,250
Total - Agriculture		\$1,615,725	\$2,947,525	\$4,563,250

FISHING INDUSTRYMotors

50 Marine Motors, Diesel Internal Combustion Reduction gear, 60 HP \$ 4,000 \$	100,000	\$ 200,000	
75 Marine Motors, Diesel Internal Combustion Reduction gear, 100 HP	4,500	168,750	337,500
25 Marine Motors, Diesel Internal Combustion with reduction gear from 150 HP to 250 HP	10,000	125,000	250,000
100 Marine Motors, Diesel Internal Combustion fast type, from 6 HP to 30 HP	1,500	75,000	150,000
		468,750	937,500

Machines to Manufacture Nets

40 Units to manufacture various size fishing nets	125,000	250,000	
--	---------	---------	--

Refrigeration

Motors

50 Marine Motors, Diesel Internal Combustion reduction gear, 60 HP \$ 4,000 \$ 100,000 \$ 100,000 \$ 200,000
75 Marine Motors, Diesel Internal Combustion reduction gear, 100 HP 4,500 168,750 337,500
25 Marine Motors, Diesel Internal Combustion with reduction gear from 150 HP to 250 HP 10,000 125,000 250,000
100 Marine Motors, Diesel Internal Combustion fast type, from 8 HP to 30 HP 1,500 75,000 937,500

Machines to Manufacture Nets

40 Units to manufacture various size fishing nets	125,000	125,000	250,000
--	---------	---------	---------

Refrigeration

3200 units for installation on
as many fishing vessels
(40 to 60 tons) for the
refrigeration of holds
carrying fresh fish

	125,000	125,000	250,000
--	---------	---------	---------

Canning

2,500 tons tin for canning, size xx)			
2,500 " " " " ICL)	75,000	75,000	150,000
2,500 " " " " IC)			
Total - Fisheries	\$ 223,750	\$ 793,750	\$ 1,587,500

FORESTRY

Present requirements for Forestry
are assumed to be sufficient until
more specific needs in Northern
Italy are known.

GRAND TOTAL - AGRICULTURE,)			
FISHERIES &)			
FORESTRY)			
	524,425	\$3,741,275	\$6,150,750

SUMMARY OUTLINE

of

EMERGENCY INDUSTRIAL PROGRAM

For the Rehabilitation of

ITALIAN INDUSTRY

January 1 - December 31
1945

As Prepared

by the

ALLIED COMMISSION

Economic Section

Industry Sub-Commission

APP. " C "

APP. " C "

As Prepared
by the
ALLIED COMMISSION
Economic Section
Industry Sub-Commission

Supply & Resources Division
Economic Section
Allied Commission

18 November 1944

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GENERAL OBSERVATIONS

1. The original program was drawn up in August 1944. Since that time additional information has been received and new areas liberated. These do not necessitate any basic changes in the program. Important new developments with a bearing on import requirements have been noted.
2. All plans assume adequate transportation facilities will be available.
3. All plans are made with reference to available or potentially available electric power.
4. Costs, in money terms, of implementing the plans are not given.
5. The data given are applicable only to that part of Italy South of the Pisa-Rimini line. Tonnage figures are for metric tons.

5. The data given are applicable only to that part of Italy South of the Pisa-Rimini line. Tonnage figures are for metric tons.

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SOAP

Soap production has been passed to the control of the Italian Government except for one firm producing soap for the forces.

1. Minimum essential soap requirements for 12 months

a. Allied forces	3,600 tons
b. Civilian minimum needs (150 grams per person per mo.)	45,000 "
c. Italian armed forces	<u>1,692 "</u>

Total soap needs 50,292 tons

2. Plans provide for operation of 18 listed (p.5) factories which will provide an output of 54,000 tons in 12 months if materials are made available.

3. Materials required for production of 50,000 tons:

a. Fatty material	27,000 tons	Produced in Italy
b. Caustic soda	6,000 "	
To be produced by reactivated Solvay Soda Works, Rosignano (Livorno) See (5) below.		
c. Carbon bisulphide	3,500 tons	
To be produced by 3 plants listed on p. 14. See (6) below.		
d. Fuel - 3,000 tons of Sardinian coal.	Already requisitioned and presumed to be granted.	
e. Electric power	- negligible.	

4. Production of soap itself will require no imports. Production of two raw materials caustic soda and carbon bisulphide cannot begin without meeting certain electrical, transportation, and material requirements.

5. Caustic soda production--Solvay Soda Works, Rosignano (Livorno) pp 9-13. Production of caustic soda by this Company depends on 3 items listed on p. 13. Only item requiring imports is (6)--Metallurgical coke. Requisition made for 2,500 tons per month beginning January 1, 1945. Part of a block requisition, so no way of knowing whether it has been or will be granted until shipment arrives.

6. Carbon bisulphide production -- pp. 14-15.

- a. Fatty material 27,000 tons Produced in Italy
- b. Caustic soda 6,000 "
To be produced by reactivated Solvay Soda Works, Rosignano (Livorno) See (5) below.
- c. Carbon bisulphide 3,500 tons
To be produced by 3 plants listed on p. 14. See (6) below.
- d. Fuel - 3,000 tons of Sardinian coal. Already requisitioned and presumed to be granted.
- e. Electric power - negligible.

4. Production of soap itself will require no imports. Production of two raw materials caustic soda and carbon bisulphide cannot begin without meeting certain electrical, transportation, and material requirements.

5. Caustic soda production--Solvay Soda Works, Rosignano (Livorno) pp 9-13. Production of caustic soda by this Company depends on 3 items listed on p. 13. Only item requiring imports is (6)--Metallurgical coke. Requisition made for 1,500 tons per month beginning January 1, 1945. Part of a block requisition, so no way of knowing whether it has been or will be granted until shipment arrives.

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6. Carbon bisulphide production -- pp. 14-15.

- a. Siena firm - no imports required. Big problem is transportation.
- b. Catania firm - no imports required. Big problem is transportation.
- c. Ferni firm - requires electricity and certain materials. No imports required. Report mentions need for carbon electrodes. These have been found.

Summary

To implement soap program in its entirety will need to import 1,500 tons metallurgical coke per month. This has been requisitioned.

PAPER

Paper production passed to the control of the Italian Government except for a concern making maps for the forces.

1. Two types of paper scheduled: newsprint and a "standard" writing or printing paper.

- a. Newsprint requirements - 18,000 tons for 1945.
- b. "Standard" requirements - 42,300 " for 1945.

2. Scheduled plan provides for production of only 50% of above requirements.

- a. Newsprint - 16,000 tons in 1945.
- b. "Standard" - 21,000 " in 1945.

3. Newsprint production will require:

- a. Wood pulp - 4,000 tons - produced locally.
- b. Waste paper - 13,000 " - available locally.

4. "Standard" writing and printing paper requires:

a. Pulp and cellulose. See list of plants producing these on p. 22.

- 1. Wood pulp - 8,000 tons - produced locally
- 2. Wood cellulose - 4,500 " - " "
- 3. Straw cellulose - 3,600 " - " "
- 4. Wood cellulose - 5,700 " - must be imported

b. Other materials

- 1. Bentonite 400 tons - produced in Italy
- 2. Aluminum sulfate 200 tons - will be available if fertilizer production plan is adopted.
- 3. Celofony 200 tons - available locally
- 4. Coal 40,000 tons - Sardinian coal
- 5. Power Requirements of scheduled plants p. 24.

5. The only import requirement for the scheduled production of paper is 5,700 tons of wood cellulose. This material has not

b. Waste paper - 13,000 " - available locally.

4. "Standard" writing and printing paper requires:

a. Pulp and cellulose. See list of plants producing these on p. 22.

1. Wood pulp	- 8,000 tons	- produced locally
2. Wood cellulose	- 4,500 "	- "
3. Straw cellulose	- 3,600 "	- "
4. Wood cellulose	- 5,700 "	- <u>Must be imported</u>

b. Other materials

1. Bentonite	400 tons	- produced in Italy
2. Aluminum sulfate	200 tons	- will be available if fertilizer production plan is adopted.
3. Celofony	200 tons	- available locally
4. Coal	40,000 tons	- Sardinian coal
5. Power	Requirements of scheduled plants	

p. 24.

5. The only import requirement for the scheduled production of paper is 5,700 tons of wood cellulose. This material has not been requisitioned.

TEXTILESA. General Information

1. Consists of woolen, cotton, and artificial fibre and rayon industries. Hemp and silk are excluded being subject to special arrangements.
2. Only 5% of total Italian production is South of Pisa-Rimini line and it is largely unorganized.
3. There are only 2 major textile producers in liberated Italy.
 - a. Manifatture Cotoniere Meridionali in Naples, etc.
 - b. C.I.S.A. Viscosa, Rome and Naples.
4. Italian textile production is essentially dependent on importations of cotton, wool, and ulva or cellulose.
5. a. Civilian requirements for textiles are listed on p. 26, with explanation and justification pp. 55-56.
 b. Italian Armed forces requirements listed pp. 57-59.

B. Woolen Industry

1. This industry in liberated Italy is negligible; mostly home production.

a. Present productive capacity

Cloth	500,000 lbs.
Felt	112,500 lbs.
	612,500 lbs.

b. Potential productive capacity

Cloth	1,000,000 lbs.
Felt	225,000 lbs.
	1,225,000 lbs.

3. Primary wool production in liberated Italy 22,000,000 lbs. which adequately covers the raw wool needs for hand and industrial manufacturing, which are:

Felt makers	500,000 lbs.
	2,000,000 lbs.

- 5.a. Civilian requirements for textiles are listed on p. 26, with explanation and justification pp. 55-56.
 b. Italian Armed Forces requirements listed pp. 57-59.

B. Woolen Industry

1. This industry in liberated Italy is negligible; mostly home production.

a. Present productive capacity

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Felt	<u>112,500 lbs.</u>
	612,500 lbs.

b. Potential productive capacity

Cloth	1,000,000 lbs.
Felt	<u>225,000 lbs.</u>
	1,225,000 lbs.

3. Primary wool production in liberated Italy 22,000,000 lbs. which adequately covers the raw wool needs for hand and industrial manufacturing, which are:

Felt makers	500,000 lbs.
Industry	2,000,000 "
Artisan	<u>2,300,000 "</u>
Total	4,800,000 lbs.

4. Requirements of woolen spinning and manufacturing industries.

- a. A.L.A.S. Weaving Mill, Macomer, Sardinia and Ippolito and Pisani, Isola del lire Frosinone, are principal firms.
 b. Must rely on local hand spun yarn and imported yarns.
 c. Requisition submitted for 110,000 lbs. yarn for first 6 months of 1945. Won't be necessary last 6 months of 1945 because local production should be able to furnish by then.
 d. Requisition in preparation for spinning machinery ancillary materials, and replacements when needed material except one part was found hidden near the front. Requisition submitted for this one part.

Textiles (cont'd)

- e. 500,000 KWH per month required electric powers.

C. Cotton industry

1. Depends on supply of yarn nearly all of which is imported. Only firm producing cotton yarn is M.C.M. Firms listed ppl 30-31. Much yarn will also be provided by reactivation of rayon industry.

Summary of cotton industry situation:	
	lbs.
a. Potential cotton yard prod.	10,200,000
b. Potential piece goods <u>con-</u> <u>sumption</u> (5 oz. per yd) of yarn 11,875,000	
Potential hosiery <u>con-</u> <u>sumption</u> of yarn	1,171,000
Potential thread <u>con-</u> <u>sumption</u> of yarn	90,000
Potential twine <u>con-</u> <u>sumption</u> of yarn	300,000
	<u>13,486,000</u>

Balance of cotton yarn deficient 3,148,000
 Potential Rayon prod. 4,750,000
 Surplus of yarn for stockpiling, etc. 1,604,000

3. Requirements of cotton spinning and weaving industries

- a. 5,000 tons of imported hard coal; power required see p. 39.

- b. 12,000 lbs or 25,000 bales of cotton, 17,850 of which must be imported.

- c. 1. 8% should be Egyptian cotton
 2. 7,250 bales can be produced locally
 Of above amounts M.C.M. will require:

8,250 bales of imported American cotton
 1,250 bales of Egyptian cotton imported
 Various spares and ancillary materials imported

Potential thread con-
sumption of yarn 90,000
Potential taine con-
sumption of yarn 300,000

13,426,0000
3,148,000
4,750,000
1,604,000

Balance of cotton yarn deficient
Potential Rayon prod.
Surplus of yarn for stockpiling, etc.

3. Requirements of cotton spinning and weaving industries

- a. 5,000 tons of imported hard coal; power required see p. 39.
- b. 12,000 lbs or 25,000 bales of cotton, 17,250 of which must be imported.
- c. 1. 8% should be Egyptian cotton
2. 7,250 bales can be produced locally
Of above amounts M.C.M. will require:

8,350 bales of imported American cotton
1,350 bales of Egyptian cotton imported
Various spares and ancillary materials imported

Cotonificio di Spoleto, Spoleto will require:
(There is no hope of immediate reactivation of this plant)

7,000 bales of imported American cotton
various spares and spinning equipment.

D. Synthetic fibres and rayon industry

1. Largest producer is C.I.S.A. Viscosa, controlled by S.N.I.A. Viscosa.
2. Plants in liberated Italy are in Rome, Rieti, and Naples. Status of these plants described pp. 30-34.
3. Program calls for:
7,740 tons flocco in 1943
2,160 " rayon "
9,300 " synthetic fibres

Textiles (Cont'd)

4. This will require:

- a. 11,328 tons cellulose imported.
- b. 7,578 tons caustic soda from Solvay Soda Works, Posignano.
- c. 3,465 tons carbon bisulphide from firms listed p. 14
- d. 17,533 tons sulfuric acid. Available from plants of Montecatini combine
- e. 33,450 tons Sardinian coal.

5. Power needs given pp. 47-48

E. Requisition Status of Textile Industry

- 1. Two samples of requisitions are produced. These are for materials for M.C.M., the largest firm.
 - a. Requisition for raw materials and materials used in mfg. processes, pp. 70 (g) to 70 (k) includes requisition for 7,488,000 lbs. American cotton and 953,040 lbs. Egyptian cotton. The cotton requisitions were turned down as a military requisition with the notation they must be submitted as a commercial requisition. Col. Martino is arguing the point with AFHQ.
 - b. Requisition for spare parts and maintenance materials, pp. 70 (i) to 70 (x).
- 2. 110,000 lbs. wool yarn. Requisitioned in August. Approved by AFHQ, but no further word.
- 3. 5,000 tons of hard coal requested. 400 tons per month have been allotted. 2 months supply has already arrived. 11 May 1944 requisition made for 150 tons American and/or Egyptian cotton. 150 tons has arrived.
- 4. 3,900 bales American and 330 bales Egyptian cotton required by M.C.M. in addition to above requisition. 7,000 bales needed by Spoleto Mill can be gotten from Italian crop.

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4. 5,900 bales American and 330 bales Egyptian cotton required by M.C.M. in addition to above requisition. 7,000 bales needed by Spoleto Mill can be gotten from Italian crop.
5. Needed machinery, spare parts and ancillary materials in woolen spinning and weaving industry found in newly liberated areas. One part is missing and requisition has been submitted for it.
6. 11,322 tons of cellulose. Must be requisitioned by Chemicals Division. Chemical Division has not, as yet, requisitioned this material.

MONOPOLY PRODUCTS

These products are completely controlled by the Italian State and are important because of the large revenue they furnish.

4. Tobacco

1. Requirements for 1945 calculated on basis of allowing civilians 50% normal consumption and allowing Italian Armed Forces 5 per man per day plus 1 once tobacco per week.

Cigarettes	6,853 tons
Cigars	1,250
Pipe tobacco	2,663
Snuff	<u>300</u>
Total tobacco needs	11,071 tons

2. If all requisitions are granted, it will be possible to produce:

Cigarettes	5,670 tons
Cigars	1,206
Pipe tobacco	1,392
Snuff	<u>143</u>
Total	8,411

3. Materials required:

- a. Tobacco. A plentiful supply on hand in Italy.
- b. Cigarette paper, 283½ tons must be imported.
- c. Carton card and packing paper will be provided in Italy if paper program is adopted.
- d. Hemp bands for cigarette machines. 18,500 will need to be imported.
- e. Knives for cutting tobacco. No data available on requirements, but may have to be imported. Production in Italy may be possible, however.
- f. Electrical and transportation demands are modest.

produce:

Cigarettes	5,670 tons
Cigars	1,206
Pipe tobacco	1,392
Snuff	<u>143</u>
Total	8,411

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 - d. Hemp bands for cigarette machines. 18,500 will need to be imported.
 - e. Knives for cutting tobacco. No data available on requirements, but may have to be imported. Production in Italy may be possible, however.
 - f. Electrical and transportation demands are modest.
4. Preliminary requisitions have been submitted for cigarette paper and hemp bands. These requisitions are now being included in a general, comprehensive requisition for the implementation of the rehabilitation program.

B. Matches. (SAITA is manufacturer and CIF deals with sale and distribution.)

1. Match requirements for 1945 calculated on basis of allowing 50 matches per civilian per month and 40 per week for Italian Armed Forces.

a. Civilians	15 billion matches
b. Italian AF	<u>1 billion matches</u>
Total	16 billion matches

2. Under scheduled plan, assuming favorable conditions, 32,612,000,000 matches can be produced in 1945 by plants listed p. 32.

produce:

Cigarettes	5,670 tons
Cigars	1,206
Pipe tobacco	1,392
Snuff	143
Total	<u>8,411</u>

3. Materials required:

- a. Tobacco. A plentiful supply on hand in Italy.
- b. Cigarette paper. 2834 tons must be imported.
- c. Carton card and packing paper will be provided in Italy if paper program is adopted.
- d. Hemp bands for cigarette machines. 18,500 will need to be imported.
- e. Knives for cutting tobacco. No data available on requirements, but may have to be imported. Production in Italy may be possible, however.
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Total	16 billion matches

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3. Requirements

- a. The main items, wood and sulfur, are available in Italy.
- b. Transportation of raw materials is a major difficulty.
- c. Following materials must be imported. These items have been requisitioned in equal monthly lots beginning December 1944. Some of them are beginning to arrive.

1. Desqui phosphorous	211.3 tons
2. Amorphous phosphorous	24.0
3. Potassium Chlorate	1,155.6
4. Zinc oxide	340.1
5. Manganese Peroxide	7.0
6. Sodium Silicate	337.8
7. Starch	514.4
8. Gum	379.0
9. Paraffin	228.0
10. Stearine	3,162.0

37.8
514.4
379.0
228.0
3,162.0

5. Sodium silicate
6. Starch
7. Gum
8. Tareffin
9. Stearine
10.

FERTILIZERS

A. Superphosphate fertilizers

1. Superphosphate is obtained by treating phosphate rock with sulfuric acid.
2. Required for 1945: 361,000 tons.
3. Potential production of plants reactivated: 330,000 tons (see p. 37)
4. Raw material required:
 - a. Pyrites - 100,000 tons. Available locally.
 - b. Phosphate rock - 220,000 tons. Must be imported from Tunisia.
5. Requisition made November 7, 1944 for 200,000 tons phosphate rock and 7,000,000 paper bags.

B. Nitrogenous fertilizers

1. There are several types of nitrogenous fertilizers: ammonium sulfate, ammonium nitrate, calcium nitrate and calcium cyanide.
2. Three plants are scheduled for reactivation in 1945 and these are to produce only ammonium sulfate.
3. Requirement for 1945 is 117,000 tons.
4. Planned production in 1945 is 45,000 tons.
5. Required raw materials:
 - a. Sulfuric acid. 34,000 tons. Pyrites are needed to produce sulfuric acid. They are available in Italy is transportation can be provided.
 - b. Ammonia: 11,000 tons. Electric power is needed in large quantities.
6. Since requirement for 1945 is 117,000 tons ammonium sulfate and only 45,000 tons can be produced, report suggests 72,000 tons be requisitioned. Ammonium nitrate has been requisitioned by agriculture S/O, but requisition turned down by AFHQ.

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STEEL

A. Memorandum on Italian Steel Industry summarizing the iron and steel situation is found on pp. 92-94.

B. The following major iron and steel plants are located South of Pisa-Rivini line.

1. Ilve-Piombino. See pp. 95-97. This plant was heavily damaged by Allied bombing. This plant should be cannibalized to strengthen the plant at Bagnoli.
2. La Magona d'Italia. See pp. 98-99. Useful plant and raw materials should be salvaged for use elsewhere.
3. Terni. ~~SISS~~ See pp. 100-107. Due to German spoliation, production potential is 60% of original capacity. Certain sections of the plant should be rehabilitated and production expanded, showing monthly program of production and raw materials required from Italy and abroad shown on pp. 105-107.
4. Ilva - Bagnoli. See pp. 108-111. Very modern and complete. Heavily damaged by German demolitions. Use steel works. Rehabilitation must be a long-term project. Use cannibalized materials from Piombino. Table of required imports presented p. 111.
5. Ilva-Torre Annunziata. See p. 112-117. In partial operations producing steel sections for the Army. Output should be expanded using cannibalized materials. Program of production and raw material requirements given.
6. S.A. Acciaierie e Ferriere Pugliese - Bari and Giovinazzo. See pp. 118 to 124. These are comparatively small units and are being improved by military units. Programs of production and required raw materials are given.
7. Ilva plant at S. Giovanni Valdano has been found. Except for German spoliation of electrical and certain other replaceable materials, it is virtually intact, though small. If electrical power and equipment can be provided, production can begin.

C. Requisition status:

One comprehensive requisition has been submitted to provide for the re-
construction of the Terni plant. Present status of

4. Ilva - Bagnoli. See pp. 108-111. Heavily damaged by German demolitions. Very modern and complete steel works. Rehabilitation must be a long-term project. Use cannibalized materials from Piombino. Table of required imports presented p. 111.
5. Ilva-Torre Annunziata. See p. 112-117. In partial operations producing steel sections for the Army. Output should be expanded using cannibalized materials. Program of production and raw material requirements given.
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7. Ilva plant at S. Giovanni Valdano has been found. Except for German spoliation of electrical and certain other replaceable materials, it is virtually intact, though small. If electrical power and equipment can be provided, production can begin.

C. Requisition status:

One comprehensive requisition has been submitted to provide for the resumption and expansion of output at the Terni plant. Present status of requisition unknown.

HEADQUARTERS
ALLIED COMMISSIONPublic Works and Utilities Sub-Commission
APO 394*Admiral King
for the US Navy*

1st November 1944

THE ELECTRIC POWER SITUATION IN LIBERATED ITALY

- Introduction -

In the days before the war, the entire economic life of Italy was dependent upon falling water and upon natural steam blowing from the earth. The energy in that water and in that steam was converted into electricity, often to be carried miles away where it turned factory wheels, ran trains, melted steel and lighted cities.

To day, most of the electrical facilities in the Italian power plants have been seriously damaged, and upon their repair or replacement will depend the success of any program designed to restore the normal economic life of Italy. That the damage has been heavy is shown by the fact that in Central Italy the electricity now available for daily consumption is only slightly more than ten percent of the 1939 amount.

While a small amount of the destruction has been the result of bombs, artillery shells and rifle fire, by far the greatest damage has been caused by trained German demolition squads travelling with the retreating enemy.

- Rehabilitation -

In rehabilitating the electric facilities the following points are constantly in mind:

- a) The need which the military forces have for electricity. Military requirements include factories producing directly for the war effort, hospitals, pumping, rail-roads, ports, offices, recreation centres and billets.

b) Vital civilian needs such as water pumping and sewage for communities; land reclamation and Bonifiche works. At times this particular need has been considered a military requirement for, in the absence of water, and epidemic in a civilian community will endanger nearby troops.

Other vital civilian needs include electricity for flour mills.

c) The need of civilian industry for electric power in order that Italy may better rehabilitate herself, and may become less of a burden on other countries.

In rehabilitating the electric facilities of Italy, generation capacity is now being made available in the following ways:

- a) The fabrication of new machinery parts and structures to replace damaged ones. This normally involves the use of basic materials such as cement, cloth, copper, iron, mica, varnish and structural steel shapes. Up to now the replacement parts have been prepared in Italian plants from materials available locally.
 - b) The replacement of damaged parts by similar undamaged pieces from other equipment. In many instances, the enemy has prevented this by destroying the same part of several machines.
 - c) The movement of equipment to a point at which it can be utilized to the best advantage. This is possible in some instances, because many generating stations had equipment which, because of seasonal variations in stream flow, was used for only a few months each year.
- Under pre-war conditions, installations of this nature were economical. Now, however, it is necessary that all available equipment be located to deliver a maximum output for as many hours a year as possible.

a) The completion of projects which were under way at the time of German occupation, and which had not been completed to the point where they were capable of producing electricity.

- The present state of the electric facilities in Italy is shown by the following:

a) In Southern Italy, south of a line between Naples and Pescara there were before the war, 377,320 kilowatts of generating capacity connected to the high-tension transmission system. Now the present generating capacity is 225,140 kilowatts, 61,600 kilowatts of which has been made available as the result of repairs made after Allied liberation. When present repairs are completed 13,000 kilowatts more of generating capacity will be available there. The same area contained 3320 kilometers of high tension transmission line of 30 kilovolts and over. Now 2200 kilometers are back in service and 180 more are being repaired. The present monthly energy generation is 45 percent of the 1942 figure.

b) In Central Italy, extending up to the battle line as of 31st October 1944 there were, originally about 870,000 kilowatts of effective generating capacity.

Today, there are only 72,950 KW of capacity operating, or 8 percent of their pre-war capacity. This figure includes 18,000 kilowatts of generating equipment which has been put back in service since Allied occupation. The total estimated future generating capacity in Central Italy is as follows:

	<u>D a t e</u>	<u>Total generating capacity</u>
3113	November 15, 1944	102,950
	December 15, 1944	153,550
	January 15, 1945	194,170
	February 15, 1945	194,170
	March 15, 1945	252,120

Out of a total of 5,953 kilometers of pre-war high tension transmission lines in Central Italy, 3,500 kilometers, or 58 percent are now in operation. So far 1,600 kilometers of line have been repaired and 530 more are currently under repair.

Agencies participating

Normally the repairs in the forward areas are all done by military units to make electricity available for hospitals, water pumping, living quarters and other military needs. In many instances military units have performed, and are continuing to perform, important repair work in the rear areas. An outstanding case of this nature includes the rehabilitation of the Capuano Generating Station at Naples by the Royal Navy. Many kilometers of transmission line have been repaired by the 11 C.E. Works. Numbers 1, 2 and 3 District, and the Peninsular Base Section have participated heavily in the rehabilitation of electric facilities. It is to be noted that in many instances Army units have assisted whole-heartedly in electrical rehabilitation projects, although it was not apparent that the military would benefit directly thereby. In the rear areas, the majority of the electrical rehabilitation has been under the direction of the Allied Commission. This work has been in cooperation with the local Electric Companies concerned. In most instances, undertaking this rehabilitation has necessitated the utilization of civilian equipment, mostly in poor condition, the employment of civilian labor, and the use of such local materials as could be found. In many cases the local Regional Engineer of the Allied Commission has been able to secure military assistance in the form of transportation, supplies and personnel.

On 5 October Allied Forces Headquarters, in Administrative Memorandum No. 43 established the Electrical Reconstruction Committee the duties of which include reviewing plans for the rehabilitation of electric facilities and commending them to the Chief Engineer, AFHQ

The Committee consists of representation of AFHQ, Royal Navy, ANI, Allied Commission, and NATOUSA. In the same memorandum, the Allied Commission is charged with preparing the plans for electric rehabilitation throughout Italy and supervising the actual rehabilitation work. Such plans have been made by this Commission, working with the civilian Electric Companies even prior to the AFHQ memorandum and are being revised frequently, in accordance with current developments.

At the present time, two officers of the Public Works and Utilities Sub-Commission are in the United States to investigate the availability of mobile electric generating equipment. No information has been received from them, indicating the quantity of the equipment which may be expected, nor the date of arrival.

It is not intended that this report be concluded in a pessimistic tone, but also, it is not intended that the reading of it should generate any false hopes as to early resumption of normal electric services in Italy. The chief obstacles now foreseen, in order that the rehabilitation may proceed rapidly are:

(a) The scarcity of basic materials such as wire and insulating tapes. The small quantity on hand in Italy is being rapidly consumed for present repairs. So far, ordering such materials from overseas has brought but little result.

(b) The scarcity of transportation facilities, including gasoline and tires, as well as vehicles. Even the most elementary construction project is made difficult if transportation is unavailable.

(c) The possibility that in North Italy the Germans have had a good opportunity to damage machinery as well as to move it out of the country, and that when the Allies liberate that area, they will find it very highly industrialized but with positively no electricity available. In this connection, it should be noted that 70 percent of the pre-war electricity in Italy was generated in territory still held by the enemy.]

(d) The possibility that the war may end suddenly, and that North Italy may be only lightly occupied by the military. In this case, the military personnel, supplies and transportation which in Central and Southern Italy have been used, will be unavailable.-

Tel. 513

HEADQUARTERS ALLIED COMMISSION

ALV/eh

APO 394

ECONOMIC SECTION

ESP2/15.07

18 November 1944

SUBJECT: Analysis of Planning for the Determination of Italian Transportation Requirements which will have to be incorporated in the Program of Essential Italian Imports.

TO : Executive Director, Economic Section, AG

1. Transportation requirements for Italy are being developed by means of the following plans and studies.
2. A program for the rehabilitation of the Italian railways is being drawn up and will be shortly completed.
 - a. The program, in the first instance, outlines in detail the condition of the Italian State Railways, today, vis-a-vis pre-war 1939. This includes complete statistics on equipment available in 1939 (track, signals, locomotives, wagons, bridges, tunnels, blocking systems, traction, etc.), the inventory remaining, subsequent to the German withdrawal, what has been repaired and what must be either produced locally or imported to make up the difference.

- b. Estimates are given of the equipment which it is anticipated will be found north of the Gothic line. These estimates are based on the percentage amount of destruction which has been evidenced so far.

- c. At the conclusion of the study the overall picture of requirements needed to rehabilitate the Italian Railway System will be outlined in its entirety. Specific data in the most minute possible detail, to include types of signals, track, bridge designs, etc., will be submitted.

- d. In view of the financial difficulties which Italy will face in purchasing manufactured equipment abroad, every consideration will be given to the possibilities of Italian industrial production. The quantities and specifications of raw materials

App. "H"

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d. In view of the financial difficulties which Italy will face in purchasing manufactured equipment abroad, every consideration will be given to the possibilities of Italian industrial production. The quantities and specifications of raw materials required will be computed.

e. The general plan and requirements, by agreement with Col. Butterworth, will be submitted to G-3, AFHQ, and a copy forwarded to the European Internal Transportation Organization in London. This is so that, in determining allocations and future productive capacity of the Allied Nations, data will be on hand whereby Italy may be considered in its apportioning.

f. It is then proposed that the general overall planning and requirements be broken down into four priority ranges:

(1) Priority No. 1 would include that equipment and material which can be justified under military necessity.

(11) Priority No. 2 will indicate the equipment and material necessary to effect the transportation of minimum essential civilian needs.

APP. B

3111

Not done

- 2 -

(iii) Priority No. 3 will outline the equipment and material required in re-establishing the Italian economy.

(iv) Priority No. 4 will show what is needed for a complete rehabilitation of power facilities.

g. Statistics which have been obtained for Northern areas will be revised on the basis of the facts as these areas are liberated.

3. However, the program as outlined above does not give the answer to overall transportation needs and cannot itself be based on a really sound priority unless it is closely tied in with a study of required movements. In order to develop this phase, the Italian Ministry of Communications and the Priorities and Movements Division of AC are undertaking to obtain movement requirements from the other ministries and subcommittees and correlate and reduce these to ton-miles. It is proposed that the ministries and subcommittees' analyses of the needs of their respective spheres of the national economy should be on the basis of an absolute minimum essential up until 1 July 1945. The requirements are to be broken down by months.

4. The date of 1 July is chosen as a hypothetical one, at which time it is arbitrarily presumed that the war will be over and a 12 month post cessation of hostilities program can be put into effect. The post cessation of hostilities program may be moved either backward or forward, dependent upon which side of 1 July the actual date of cessation of hostilities falls. The responsibility of this program will lie on the Italian Government.

5. It should be noted that the importance of picking a date at all is based on the fact that, subsequent to the cessation of hostilities the quantity of civilian supplies that can be transported by presently existing transportation means multiplies many times. Haulage of munitions, heavy military equipment, construction equipment, etc., falls off rapidly and civilian supplies soon earn a higher and higher priority.

6. The Italian Government cannot plan by order of priority the need for rehabilitation of transport facilities in Italy except under the assumption of almost full availability to civilians, after the end of the war, of the presently

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6. The Italian Government cannot plan by order of priority the need for rehabilitation of transport facilities in Italy except under the assumption of almost full availability to civilians, within a short period after the end of the war, of the presently existing Italian coastwise shipping and railways.

7. When movement requirements have been as closely studied as possible the need for trucks and coastwise vessels can be fairly accurately developed.

8. A full census of civilian load-carrying vehicles in King's Italy is being completed. The movements and particulars of schooners and coasters that are operated by the Allied Military Forces or by COGEMA for civilians are already available. Reasonable assumptions will be made on the basis of these figures of what will be found in the North. It is then a question of projecting onto known and presumably available means that which can be lifted by sea and what must ordinarily go by rail. Where both these prove inadequate the remainder will have to move by truck.

9. At this particular time and until the end of the war it is not possible to relate truck requirements directly to the rehabilitation of the Italian economy. The need of trucks for

- 3 -

relief movements alone far outweighs the availability both in this country and from Allied sources. Truck requirements are per necessity closely linked to operational planning for the North, and Requisition No. AC-CRD-43045 will show the minimum number needed to move imported relief supplies.

10. Trucking relief supplies and often moving them from harbours which are now used for operational reasons but are not consistent with peace-time movements as proper points of unloading, does not permit any relation between present requirement planning and that of post-war rehabilitation of the Italian economy. Utilization of such trucks as we may find in the North will be planned on quite a different basis for the post-war period and likewise the determination of the total deficiency of equipment, which is bound to exist.

11. Railroad rehabilitation requirements should have precedence where this is the most economical method of transport, but the time needed for reconstruction must be considered as against immediate needs for movements. To fill these immediate needs, what are in the long run less economical means, such as trucks, will be essential.

12. The possibility of indigenous shipyard production is also being studied and will be a factor in the development of final requirements.

13. It is highly questionable whether factories in the North will be found in condition to produce or repair sufficient trucks, marine engines and railroad equipment to make an appreciable difference in the deficiencies of equipment which will be evident in the movement requirements of the first 12 months. Every consideration is being given by the Government, however, to this possibility and raw materials will be requisitioned instead of the finished products where it is possible to economize.

A. L. VILLA
Staff Officer
Economic Section

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A. L. VILLA
Staff Officer
Economic Section

APPENDIX "B"

S E C R E T

HC/bih/mas
1-11-44

A C C E N D A

For a meeting to be held between the Economic Section, Allied Commission, and Ministers of the Italian Government on Friday, 3 November 1944, at 1600 hours, in the conference room of the Allied Commission building.

The purpose of the meeting is to discuss the manner in which a program of essential Italian imports, within certain special limitations, can best be developed. A proposal in this regard is attached.

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APP. " B "

HC/bih/mae

1-11-44

PROGRAM OF ESSENTIAL ITALIAN IMPORTS

1. Supplies to be imported into Italy can be divided into two categories:

Category "A": Those items and quantities which are considered to fall within the military mission of "preventing disease and unrest," as interpreted by the Allied Combined Chiefs of Staff.

Category "B": Those items and quantities which fall outside the scope of the military program of civilian supply (Category "A") for which financial provision outside the military is being made.

2. It is proposed that the Italian Government now undertake, with the advice and guidance of the Allied Commission, the preparation of a program of import requirements falling in Category "B", as above defined.

3. Since the precise extent of financial resources available to meet demands under Category "B" is not known, it is suggested that the program of import requirements be keyed to varying sums which could conceivably become available.

These amounts should be drawn up, representing

2 3 3 4

Chiefs of Staff.

Category "B": Those items and quantities which fall outside the scope of the military program of civilian supply (Category "A") for which financial provision outside the military is being made.

2. It is proposed that the Italian Government now undertake, with the advice and guidance of the Allied Commission, the preparation of a program of import requirements falling in Category "B", as above defined.

3. Since the precise extent of financial resources available to meet demands under Category "B" is not known, it is suggested that the program of import requirements be keyed to varying sums which could conceivably become available.

Specifically, three programs should be drawn up, representing the use to which three sums \$150,000,000, \$200,000,000 and \$250,000,000 each might most efficiently be put in starting the rehabilitation of Italian production,

4. In order to place the Italian Government in a position to draw up the programs contemplated in paragraphs 2 and 3, the Allied Commission will undertake^{to} the following:

a. Provide the Italian Government with a list of the items and quantities already requisitioned as Category "A" supplies, and keep the Italian Government informed of further developments in this regard.

- 2 -

Cont'd: Program of Essential I. Imports

b. Extend all possible assistance and advice to the Italian Government in drawing up the requirements for Category "B" supplies. It should be recognized, however, that the formulation of an initial requirements statement is the responsibility of the Italian Government.

5. In this connection it is proposed that the Italian Government:

a. Assume the responsibility for presenting a program, along the lines indicated, to the Allied Commission, according to a time schedule to be agreed upon between the Allied Commission and the Italian Government.

b. Indicate where in the Government the programming of import requirements is to be coordinated and focalized.

c. Present first of all a list of the categories and industries which should get allocations of foreign exchange, and the proportions which each should receive at each of the three levels of financial availability. This will operate as a guide to priorities during the entire detailed programming job.

d. As soon as this general priority scheme is agreed between AC and the Government, present to AC detailed projects and draft requisitions, in a form to be prescribed by AC after consultation with the Government.

Commission and the Italian Government.

- b. Indicate where in the Government the programming of import requirements is to be coordinated and focalized.
- c. Present first of all a list of the categories and industries which should get allocations of foreign exchange, and the proportions which each should receive at each of the three levels of financial availability. This will operate as a guide to priorities during the entire detailed programming job.
- d. As soon as this general priority scheme is agreed between AC and the Government, present to AC detailed projects and draft requisitions, in a form to be prescribed by AC after consultation with the Government.

2106 e. The detailed projects and requisitions will be screened by the Allied Commission, from the standpoint of prospective availability of supplies and shipping, as well as from the standpoint of the most efficient use of local resources. They will then be sent to the appropriate United States, British and combined Allied authorities for implementation. Once the general program and priority scheme has been agreed, the individual projects and requisitions can be sent through as they are made up. An effort should be made, however, to have all parts of the entire "package" in final form before the end of the year.

APPENDIX "C"HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO #394MINUTES OF MEETING OF REPRESENTATIVES OF THE ITALIAN
GOVERNMENT AND REPRESENTATIVES OF THE ALLIED COM-
MISSION, 3 NOVEMBER 1944, 1600. RE "PROGRAM
OF ESSENTIAL ITALIAN IMPORTS"PRESENT:

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

NOTE

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

ANTOLINI: I will summarize briefly what I have told the Ministers

Comm. Intercom, Bank of Italy
 Mr. A. G. Antolini, Acting Deputy Chief of Staff, E/S
 Col. L. D. Denmore, Chief Staff Officer, E/S
 Mr. Herlan Cleveland, Special Assistant to DCOS, E/S
 Mr. Emilio Garavalia, Economic Section Staff
 Mr. Henry H. Bakken, Economic Section Staff
 Col. R. Martino, Chief, Requisition Division, E/S
 Mr. James B. Hurley, Requisition Division, E/S
 Mr. Leland G. Allbaugh, Director, Agriculture S/C, E/S
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 Col. A. P. Graffey-Smith, Joint Director, Finance S/C, E/S
 Major Fred Tooby, Finance Sub-Commission, E/S
 Col. S. A. Crump, Commerce Sub-Commission, E/S
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 Mr. Merritt Taylor, Chief, Priorities & Movements Div., E/S
 Captain R. Grady, AFHQ, G-5

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

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

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

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

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

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

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

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

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

GRONCHI: Is transportation of requested items assured?

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

ON

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

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

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

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

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

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

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

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

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

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

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

(See page 4 for Distribution)

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