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OVERALL
OCT. 1944 –

10000/150/484

OVERALL REHABILITATION PROGRAM
OCT. 1944 – SEPT. 1945

CONFIDENTIAL

FACTORS IN ITALY'S ECONOMIC POSITION

October 1944 - September 1945

P. Works.

June 9, 1944

Italian Division
Liberated Areas Branch
FOREIGN ECONOMIC ADMINISTRATION

June 9, 1944

Italian Division
Liberated Areas Branch
FOREIGN ECONOMIC ADMINISTRATION

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CONFIDENTIAL

FOREWORD

This study presents the essential factors in Italy's economic position for the period October,1944 to September 1945. It provides a detailed program of Italy's minimum import requirements,estimates the maximum exports which Italy can make available,and indicates the main invisible items of Italy's balance of payments.

The study may be used for various purposes,two of which are presented in the introductory note and summary. One of these is the size of the main financial burden and the part to be assumed by Allied or international civilian agencies under varying assumptions. The second use is an examination of the division of financing responsability among the Allies. Further uses may be suggested,such as estimating the magnitude of the problem of relief and rehabilitation,which may be handled by the United Nations. Relief and Rehabilitation Administration or by other agencies,and appraising the Italian portion of the general program prepared by the Army for liberated Areas.

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FACTOR IN ITALY ' S ECONOMIC P[illegible]ITION

Oct. 1944 - Sept. 1945

Introductory Note and Summary

A. Scope of Memorandum

1. The main purpose of this study is to bring thgether the main elements essential to evaluating the size and nature of the financial burden of tiding over the Italian economy from October 1,1944 to September 30, 1945,during which year it is expeted that the non military agencies will assume and exercise economic responsibility in Italy,especially in the matter of procuring needed supplies:

2. The study comprises four main parts:

   a. The first - Appendix A - is a detailed program of the minimum imports essential to tide over the Italian civilian economy. This program constitutes a fair evaluation of the size and nature of import requirements. Detailed explanatory notes are provided on the bases for arriving at the requirements. An effort is made in the Summary Table B to indicate broadly the possible or probable source of imports.

   b. An estimate of the freight costs of the import requirements - Appendix B. This estimate disregards the possible contribution of Italian ships which may be called upon to carry some of the import from points of supply to Italy. The probable earnings of the Italian merchant marine are ,however,taken into account in Appendix B. The large estimated foreign exchange burden from the cost of freight would be considerably reduced if arrangements were made to allocate ships - Liberties - for th Italians to man and use themselves.

   c. Estimates of the maximum exports which Italy could make available during this period - Appendix C. Considering the privations of the Italian civilian economy during four years of war,these exports may be considered as Italy's utmost contribution. It is assumed,of course,that the Allied will be to able to lift and find markets for these potential export surpluses.

   d. Estimates of the main invisible items in the current account side of Italy's balance of payments constitute Appendix D. These estimates exclude capital account items,and such elements as possible revenue from the dollar and sterling exchange set aside for the pay of Allied troops in lire in Italy.

B. Size of Main Financial Burden

1. The cost,including freight,of the estimated civilian import requirements for the whole of Italy for the period October1,1944 to September 30,1945, aggregates $ 460,000,000. The debit items on invisible account - diplomatic expenses and those of Italian ships (See Appendix D) - add up to

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1. The cost,including freight,of the estimated civilian import requirements for the whole of Italy for the period October1,1944 to September 30,1945, aggregates $ 460,000,000. The debit items on invisible account - diplomatic expenses and those of Italian ships (See Appendix D) - add up to about $ 40,000,000,making a grand total burden of roughly $500,000,000.

2. On the credit side of the ledger thereis a potential revenue of $190,000,000 from exports and about $110,000,000 from emigrant's remittances;shipping earnings,and foreign civilian expenditures,making a total of roughly $300,000,000.

3. If the potential foreign exchange proceeds of $300,000,000 were to be applied exclusively to covering current import needs and invisible items,there would be left a net deficit of roughly $200,000,000, which would have to be financed by other means.

It needs to be stressed,however,that the adoption of this procedure raises many issues,in particular,as to whether the financing of import

and other current needs of Italy are to have exclusive and prior claim over all other claims on Italy, including those for expenditures incurred during the military period.

4. The amount of the burden falling within the responsibilty of the civilian agencies depends on the extent and timing of that responsibility. The main variations of this civilian burden are suggested in Summary Table A below.

The only firm Allied civilian commitment would appear to be for presently liberated Italy. The cost, inclusive of freight, of financing the minimum import requirements of this part of Italy during the period October 1, 1944 to September 30, 1945, would amount to $240,000,000. This cost would total $460, $340, $330, or $260 million according as civilian responsability for the procurement of supplies for the remainder of Italy commenced on October 1, 1944 or on January 1, April 1, or July, 1945.

The total debit invisible current account items, add up to only $40,000,000, and would not materially change the sums coming within civilian responsibility under varying assumptions.

5. It is difficult to arrive at a fixed net deficit figure for the period of civilian responsibility on the basis of varying assumptions. This difficulty arises from the fact that it is well-nigh impossible and highly unrealistic to divide the credit items - export proceeds, remittance and shipping earnings - into two water tight compartments or accounts for one country. These credit items have to be conceived as all flowing into one common pool. This pool could amount to $300,000,000 for the whole of Italy for the year October 1, 1944 - September 30, 1945.

If the civilian agencies do not assume procurement responsibility for the whole of Italy, the net deficit that would accrue to them for financing purposes would depend on the manner in which it is decided to allocate proceeds from credit items amounting all in all to $300,000,000 for the whole of Italy.

If none of the proceeds of credit items were to be applied to covering foreign exchange expenditures incurred by the civilian agencies for their procurement, their net liability would vary from $240 to $500 million. If, on the other hand, the total proceeds of credit items were to be applied against the expenditures incurred by the civilian agencies, then the net liability of these agencies would vary from nought (in case of procurement responsibility only for Southern Italy) to $200,000,000.

C. Inter-Allied Distribution of Financing Responsibility 1815

1. A division or allocation of financing or procurement responsibility as between the Allies, mainly the U.S. and U.K., can be arrived at principally in four ways:

a. The ratio fixed in financing contributions to UNRRA which is at

ring the period October 1,1944 to September 30,1945, would amount to $240,000,000. This cost would total $460, $340, $330, or $260 million according as civilian responsibility for the procurement of supplies for the remainder of Italy commenced on October 1,1944 or on January 1, April 1, or July, 1945.

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   a. The ratio fixed in financing contributions to UNRRA which is 4:1 as between U.S. and U.K.

   b. The ratio of expenditures incurred hitherto in financing civilian supplies into liberated Italy. Of total expenditures up to June 1944 for all civilian goodsother than coal and petroleum of $103,000,000,$81,000,000 was procured by U.S. and $22,000,000 by U.K. This ratio comes out again to 4:1 as between U.S. and U.K.

c. The allocation of supply responsibility in terms of the source of import on a basis considered the most appropriate from the point of view of availability, production capacity, and proximity. A very rough allocation of procurement responsibility along these lines is combined in Summary Table B below.

However, in order to arrive at the net burden or deficit on this basis we should have to deduct the value of potential Italian exports to each of the Allies. This is assumption below:

All Italy
($000,000's)

	U.S.	U.K.	Others	Total
1. Imports from	290	140	30	460
2. Exports to	36	54	100	190
Net trade (-) deficit or surplus (+)	-254	-86	+70	-270

There is a net deficit of $70,000,000 on invisible items (See appendix D). This deficit is roughly equal to assumed Italian favorable trade balance with countries other than U.S. and U.K. If Italy should be unable to collect the whole or major part of this in full exchange expendable anywhere, the U.S. and U.K. might be called upon to provide another $50-70 million to meet Italy's needs on both visible and invisible accounts. Assuming a distribution of the $70,000,000 on the same basis as procurement responsibility, this would make the U.S. net responsibility roughly $300,000,000 and U.K. net responsibility roughly $110,000,000.

d. The allocation of procurement responsibility as between the Allies on the one hand and UNRRA on the other on a basis to be negotiated between the two.

TABLE A
Civilian Share of Requirements
(Under Varying Assumptions on the Commencement of Civilian Responsibility)
($000,000's)

	I	II	III	IV	V	VI	Total	VII	Total
	Food	Medic.Supp. & Soap	Clothing, Textiles	Agric. Supplies	Industl. Fuel	Ind. Equipment		Freight Costs	
Southern Italy Oct. 1, 1944 - Sept. 30, 1945	144	3.5	20	16.4	10.4	1.5	195.8	43.5	239.3
Central and Northern Italy Oct. 1, 1944 - Sept. 30, 1945	26	7	72	14.4	32.4	3	155.2	66.2	221.4
Southern Italy from Oct. 1, 1944 Plus Central and Northern Italy from									
a. Oct.1, 1944	170	10.5	92	30.8	42.8	4.9	351.0	109.7	460.7
b. Jan.1, 1945	147.8	6.6	65.3	28.1	37.9	3.4	289.1	49.4	338.5
c. Apr.1,1945	144.0	4.4	51.8	23.0	28.3	2.2	253.7	43.2	296.9
d. July 1, 1945	144.0	3.5	37.0	20.8	18.7	1.8	225.8	38.5	264.3

TABLE -B-

Possible Source of Imports
(As Basis for Allocation of Procurement Responsibility)
($000,000's)

	Food	Medic.Supp.	Clothing	Agric.Supp.	Ind.Incl.Fuel	Ind.Equipment	Total
Southern Italy & Islands							
U.S.	98.4	3.5	15	10.9	0.5	1.0	129.3
U.K.	33.6	-.-	5	4.2	9.9	0.5	53.2
Others	12.0	-.-	-	1.3	-.-	-.-	13.3
Total	144.0	3.5	20	16.4	10.4	1.5	195.8
Central and Northen Italy							
U.S.	15.5	5.4	55.0	9.8	5.4	2.0	93.1
U.K.	7.0	1.6	16.-	1.0	26.0	1.4	53.0
Others	3.5	-.-	1.0	3.6	1.0	-.-	9.1
Total	26.0	7.0	72.0	14.4	32.4	3.4	155.2
All Italy							
U.S.	114	8.9	70.0	20.7	5.9	3.0	222.5
U.K.	40.6	1.6	21.0	5.2	35.9	1.9	106.2
Others	15.4	-.-	1.0	4.9	1.0	-.-	22.3
Total	170.0	10.5	92.0	30.8	42.8	4.9	351.0

TABLE - B -

Possible Source of Imports
(As Basis for Allocation of Procurement Responsibility)
($000,000's)

Supp.	Clothing	Agric.Supp.	Ind.Incl.Fuel	Ind.Equipment	Total	%	Freight	Total
.5	15	10.9	0.5	1.0	128.3	66%	25	155.3
.-	5	4.2	9.9	0.5	53.2	26%	12	65.2
.-	-	1.3	-.-	-.-	13.3	6%	5.5	18.8
.5	20	16.4	10.4	1.5	195.8	100%	43.5	239.3
.4	55.0	9.8	5.4	2.0	93.1	60%	40	133.1
.6	16.-	1.0	26.0	1.4	53.0	34%	22.5	75.5
.-	1.0	3.6	1.0	-.-	8.1	6%	3.7	12.8
.0	72.0	14.4	32.4	3.4	153.2	100%	66.2	221.4
.9	70.0	20.7	5.9	3.0	222.5	63%	69	291.5
.6	21.0	5.2	35.9	1.9	106.2	31%	34	140.2
.-	1.0	4.9	1.0	-.-	22.3	6%	6.7	29.0
.5	92.0	30.8	42.8	4.9	351.0	100%	109.7	460.7

METHOD OF PREPARATION OF SUPPLY PROGRAM

The supply or requirements program for Italy is divided into two parts. The first covers that part of Italy now in Allied hands plus nearby provinces which it is hoped may be liberated soon or about which our information is adequate. The second part of the program covers the remainder, which is practically the whole of Central and Northern Italy.

A. Program for Southern Italy

The supply or requirements program for Southern Italy is largely a firm program based for the most part on requisitions already placed by the Allied Control Commission or on estimates of requirements provided by the A.C.C. and military authorities. Requisitions for most of the items covered by the program have been placed by the A.C.C. for the remainder of 1944, while requisitions for many of the items covered by the programs have already been placed for the early months, in some cases for the first months of 1945. Wherever possible this is indicated in the notes appended to the requirements tables. Where requisitions were not available for the entire period covered by this program or were not available at all, estimates have been arrived at either by using estimates already presented in the Honorable Henry F.Grady's report (see Overall Civilian Supply Program) or by projecting existing requisitions or estimates on the basis of information in official documents and intelligence reports. These projections constitute more than intelligent guesses in view of the fact that they relate to territory which is under Allied control, and, therefore, is not liable to unpredictable action by the economy and on which there is abundant authentic information.

B. Program for Central and Northern Italy

For Central and Northern Italy, on the other hand, the supply or requirements program is necessarily tentative in character, and constitutes at best a systematic exposition of intelligent guesses about the needs of a territory that has long been under enemy occupation.

The bases and standards for computing emergency requirements for Central and Northern Italy are much like those laid down in the requisitions and requirements for presently liberated Italy.

In drawing up the supply or requirements program for areas yet to be liberated an effort has been made to base it on certain clearly defined assumptions which tend to reduce the "uncertainty"

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In drawing up the supply or requirements program for areas yet to be liberated an effort has been made to base it on certain clearly defined assumptions which tend to reduce the "uncertainty" factors. For this purpose the following assumptions have been made:

(a) Area assumptions

June 1,1944. Southern Italy,including Lazio Islands and excluding Abruzzi, (Regions I,II,III,VI, part of IV, Part of V.)

August 1,1944. Central Italy, up to the Pisa-Rimini line, (Regions VIII,IV (remainder),V (remainder),excluding the three northern provinces of Massa, Lucca, Pistoia).

October 1,1944. Total occupation. Germany's collapse.

The Program is for the period October 1,1944 to October 1,1945

Since by October 1,1944 Italy is assumed to be wholly liberated, essential supplies from the Northern industrialized section may be taken to become available to the Southern area after an adequate lapse of time, say 3 - 4 months, essential to the re-establishment of transportation, ports and shipping facilities. The central Italian area to be liberated in the period June to August has 6 million inhabitants. It is not expected that the industries will require any supplies in the short interval before October 1,at which time total liberation is hoped to take place. For the purpose of evaluating industrial requirements and availability of goods arising from industrial activity, the whole area above the present fighting line may be considered as a whole.

(b) Policy assumptions

The position of the various Italian industries in the Italian economy as a whole has been evaluated according to certain principles governing the relief and rehabilitation of Italy which have been agreed upon after prolonged study and discussion between American and British authorities. The evaluation calls for extensive "cannibalization" because it is expected that the world supply position for most manufactured industrial items will be tight, and because it is felt that the Italian economy will undergo considerable re-orientation away from an autarchic scheme and towards a "Free Trade" industrial pattern.

"Cannibalization" This term has come to mean the utilization of parts of two or more damaged units (machinery plants, facilities ....) so as to get a complete usable unit. "Cannibalization" is usually carried out on units of the same type. In the case of industrial plants, however, "Cannibalization " occurs through plants having a high priority being repaired at the expense of plants having a low priority.

(c) Miscellaneous assumptions

I. It is assumed wartime destruction will be limited. Some plants of strategic importance, such as utilities and transportation facilities will be badly damaged by bombing and by scorched earth methods. However, processing plants and manufacturing units will be able to continue their operations if raw materials, fuel electric power and minor repair items are made available, either from local stockpiles, or from "cannibalization" of disabled plants, and/or from imports.

II. As far as possible the requirements are estimated on a monthly basis. In such estimates account is taken:

(a) for food, of seasonal factors.

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II. As far as possible the requirements are estimated on a monthly basis. In such estimates account is taken:

(a) for food, of seasonal factors.

(b) for industrial activities, of the rate of activity expected in relation to the progressive improvement of economic activity. Industries will be put in operation, if they depend on imported materials, according to the over-all priority rating given to each of them. It is assumed that industries depending even in part on imported materials will not operate until three months after liberation. Priority list of industries serves as the basis for the estimates of industrial requirements. (101)

(c) for manufactured products it is assumed that the need will be at a maximum during the first 4 months, after which period

local production can take care of major needs. Items estimated as needed are those of a very high order of priority, and are few in number and small in value.

The pattern of supply requirements is assumed to change progressively from one of finished goods and repair items to one of raw materials.

III. The supply program has been drawn up by taking into account needs and conditions over a period of 12 to 18 months. The program aims at the greatest possible economy in imported supplies over the period as a whole rather than in any given month or part of that period. It is designed to reduce relief to a minimum and to assist Italy in rehabilitating these parts of her economy which are essential to bare existence.

IV. It is assumed that the rehabilitation of the transportation system (roads, railroads, rolling stock, trucks) will proceed ahead of the other phases of economic rehabilitation.

V. Electric power is assumed to be available to operate plants and factories at reduced rates. Complete interchangeability of electric energy is assumed feasible, thereby offsetting concentrated local destructions.

VI. Shipping is assumed available in reasonable amounts and is not considered a severely limiting factor. Port acceptance is similarly assumed to be available in reasonable amounts.

VII. For requirements for industries producing for expert the basic assumption is that all"essential" goods or materials available for export will be absorbed by outside markets. "Essential" are considered raw materials and basic civilian necessities.

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I. ESTIMATES OF FOOD REQUIREMENTS

NOTES

(1) WHEAT

a/ Southern Italy

The estimates used as to the 1944 harvest and collection of wheat are those of Allied Control Commission. Although a recent Italian decree provided for the amassing of barley as well as of wheat, it is felt here that barley collections would add very little to the urban food supply. In Southern Italy barley is traditionally an animal feed rather than a bread grain. What barley may be collected will barely compensate for overestimation of wheat collections.

All estimates of wheat requirements are based on the assumption that surplus areas will contribute to the subsistence needs of deficit areas. Latium, Sardinia, Campania and perhaps Calabria will have to depend upon inbound shipments of wheat not only from United Nations areas but also from Aquila and Lucania.

Daily rations have been estimated on the basis of 200 grams of flour per day 10% for heavy workers' rations. (Heavy workers are allowed an extra ration of 200 grams, and are generally taken to constitute about 10% of the population.) The total ration (220 grams of flour) has been converted into wheat assuming an extraction rate of 90%. It thus corresponds to 244 grams of wheat per day.

The details of the estimates for food requirements of Southern Italy are shown in Table A attached.

b/ Central and Northen Italy

Production of all grains in the Central and Northen areas has been estimated on the basis of intelligence material. The estimate of the next wheat harvest is in broad agreement with the Ministry of Economic Warfare information. It differs but little from the 1936 output. Wheat farm retentions have been calculated assuming a 100% compliance with the recent decree of the Badoglio Government. (See Table B attached). It has been assumed that some collection of corn, barley and rye may compensate for overestimation of wheat collections. Grain surpluses should offset the deficit for dry vegetables. A detailed breakdown of the food supply estimates for Central and Northen Italy is given in Table C (attached).

On the whole it may safely be assumed that the northen area will require no sizeable food imports. However, it must be kept in mind that (a) the Germans may remove stocks of wheat from the surplus regions during the months of July and August. (Apparently this was done in 1943-44 with the justification that such stocks would be replenished later in the year); (b) the experience of Southern Italy has proven that the sugar supply of 1944 may make it impossible to process wholly or in

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1808

As a measure of protection it is suggested that provision be made for importing into Northen Italy 1/14 of urban food requirements for the month of October. These amounts have been entered in the table on requirements and the basis on which they were arrived at is shown in Table D attached. The rations used as a basis for estimates for requirements are a fraction of what is reported to be now available to the ordinary consumer under German rule.

(2) DRY VEGETABLES

a/ Southern Italy

In prewar years Italy exported large amounts of fresh vegetables but had never achieved self-sufficiency with regard to dry beans and peas. The recommendation that dry legumes be shipped to Southern Italy is based upon the following considerations:

Pulses rank immediately after wheat products as the staple food of the local population, both rural and urban. Shortages of pulses have been reported at various times, the Italian Government being compelled to establish local rationing for beans of all description. From a nutritional standpoint it is important that the ration provide for some sources of high quality proteins such as dry legumes. Finally dry legumes are easy to handle and to distribute. United Nations supplies of pulses are large especially with regard to chick-peas, a food stuff which, extremely acceptable to the Mediterranean people, could hardly be used for relief feeding in Continental Europe.

It is assumed that 50% of the requirements will be met from the domestic crop. Requirements are calculated at 56 grams per ration holder per day.

b/ Central and Northen Italy

(See under 1 b)

(3) SUGAR

1807

a/ Southern Italy

Throughout the war years Italian rations for sugar have been maintained at comparatively high levels. The normal con-

a/ Southern Italy

In prewar years Italy exported large amounts of fresh vegetables but had never achieved self-sufficiency with regard to dry beans and peas. The recommendation that dry legumes be shipped to Southern Italy is based upon the following considerations:

Pulses rank immediately after wheat products as the staple food of the local population, both rural and urban. Shortages of pulses have been reported at various times, the Italian Government being compelled to establish local rationing for beans of all description. From a nutritional standpoint it is important that the ration provide for some sources of high quality proteins such as dry legumes. Finally dry legumes are easy to handle and to distribute. United Nations supplies of pulses are large especially with regard to chick-peas, a food stuff which, extremely acceptable to the Mediterranean people, could hardly be used for relief feeding in Continental Europe.

It is assumed that 50% of the requirements will be met from the domestic crop. Requirements are calculated at 56 grams per ration holder per day.

b/ Central and Northen Italy

(See under 1 b)

(3) SUGAR

1807

a/ Southern Italy

Throughout the war years Italian rations for sugar have been maintained at comparatively high levels. The normal consumer ration was 500 grams per month, a supplement of 100 grams being granted to children up to 14 years of age. In spite of increased cultivation of beets during the war years Southern Italy had to rely on shipments of sugar from the Po Valley to supplement local production. Upon Allied occupation the sugar factories of Capua, Battipaglia and S.Eufemia Lamezia were

found to be badly damaged. Their rehabilitation and the supplying of auxiliary material for the processing of the 1944 crop would have required so much shipping space that ACC decided to delay the reparation of the plants and not to undertake any sugar beet production in 1944. Instead it was decided to ship into the area enough sugar to meet local requirements.

Requirements for 1944-45 have been calculated on the basis of 300 grams per month for 78% of the population.

APPENDIX A.

A. FOOD IMPORT REQUIREMENTS

	Total annual value in $(000's)	Unit cost in U.S.	Total annual tonnage in metric tons	1944 October	November	December
A. SOUTHERN AREAS						
(1) Wheat	42,032	71	592,000	25,000		
(2) Dried vegetables (pulses)	22,400	160	140,000	15,000	15,000	15,000
(3) Sugar	5,343	137 1/	39,000	3,250	3,250	3,250
(4) Meat	66,864	696.50 2/	96,000	8,000	8,000	8,000
(5) Milk, whole, dry	7,408	926 3/	8,000	1,000	1,000	1,000
(6) Edible fats		370				
Subtotal	144,047		875,000	52,250	27,250	27,250
B. NORTHERN AREAS						
(1) Wheat	9,088	71	128,000	128,000		
(2) Dried vetables	2,240	160	14,000	14,000		
(3) Sugar	411	137	3,000	3,000		
(4) Meat	348	696,50	500	500		
(5) Milk, whole, dry	6,482	926	7,000	7,000		
(6) Edible fats	7,400	370	20,000	3,334	3,334	3,333
Subtotal	25,969		172,500	155,834	3,334	3,333
Grand total	170,016		1,047,500	208,084	30,584	30,583

APPENDIX A.

I: FOOD IMPORT REQUIREMENTS

Total Amount Required	1944 October	November	December	1945 January	February	March	April	May	June
A. SCOTTISH AREAS									
252,000	25,000			63,000	63,000	63,000	63,000	63,000	63,0
240,000	15,000	15,000	15,000	16,000	16,000	16,000	16,000	16,000	
39,000	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,2
96,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,0
8,000	1,000	1,000	1,000	1,000					1,0
575,000	52,250	27,250	27,250	91,250	90,250	90,250	90,250	90,250	75,2
B. NORTHERN AREAS									
128,000	128,000								
14,000	14,000								
3,000	3,000								
500	500								
7,000	7,000								
20,000	3,334	3,334	3,333	3,333	3,333	3,333			
172,500	155,834	3,334	3,333	3,333	3,333	3,333			
747,500	208,084	30,584	30,583	94,583	93,583	93,583	90,250	90,250	75,2

	1945 January	February	March	April	May	June	July	August	September
	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
00	16,000	16,000	16,000	16,000	16,000				15,000
50	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250
00	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
00	1,000					1,000	1,000	1,000	1,000
50	91,250	90,250	90,250	90,250	90,250	75,250	75,250	75,250	90,250
33	3,333	3,333	3,333	3,333					
33	3,333	3,333	3,333	3,333					
83	94,583	93,583	93,583	93,583	90,250	90,250	75,250	75,250	90,250

b/ Central and Northern Italy

(See under 1 b)

(4) MEAT SUPPLEMENT

a/ Southern Italy

Meat has been considered as a relief item which could not be supplied from local sources. Allocation for ration-card holders only on the mainland, exclusive of Sicily and Sardinia.

b/ Central and Northern Italy

(See under 1 b)

(5) MILK, DRY WHOLE

a/ Southern Italy

Requirements have been estimated on the basis of 50 grams per day for 2.5% of the total population.

b/Central and Northern Italy

(See under 1 b)

(6) EDIBLE FATS

a/ Southern Italy

Edible fats have been in short supply throughout Italy during the war years. The collection machinery for olive oil was even less sufficient than the grain pools, and the fat ration often has gone unfulfilled. Conversely black market sales of olive oil constitute over one-third of all reported cases of rationing violations.

In estimating the food requirements for Southern Italy it has been assumed that local production will meet requirements both for edible fats and for soap making. Actually, however, shortages of edible fats have been reported for all of the main urban centers of liberated Italy, so that the assumption of self-sufficiency may turn out to be too optimistic.

Furthermore the 1944 olive harvest must, on the assumption of a biennal cycle, be antiwipated as lower than for 1943. According no fats will be available in the southern areas for export to Northern Italy.

1804

b/ Central and Northern Italy

The 1944-45 supply position for the northern areas will thus

(5) MILK, DRY WHOLE

a/ Southern Italy

Requirements have been estimated on the basis of 50 grams per day for 2.5% of the total population.

b/Central and Northern Italy

(See under 1 b)

(6) EDIBLE FATS

a/ Southern Italy

Edible fats have been in short supply throughout Italy during the war years. The collection machinery for olive oil was even less sufficient than the grain pools, and the fat ration often has gone unfulfilled. Conversely black market sales of olive oil constitute over one-third of all reported cases of rationing violations.

In estimating the food requirements for Southern Italy it has been assumed that local production will meet requirements both for edible fats and for soap making. Actually, however, shortages of edible fats have been reported for all of the main urban centers of liberated Italy, so that the assumption of self-sufficiency may turn out to be too optimistic.

Furthermore the 1944 olive harvest must, on the assumption of a biennal cycle, be anticipated as lower than for 1943. According no fats will be available in the southern areas for export to Northern Italy.

1804

b/ Central and Northern Italy

The 1944-45 supply position for the northern areas will thus be extremely tight. About one-third of the total domestic supply of fats (140,000 metric tons) usually comes from olive oil which would be available only after March 1945. One-half of the fat supply comes from slaughter fats which are difficult to collect. On the whole, for the first six months after October 1944, supplies of edible fats for urban consumers will be practically negligible; hence the necessity for importing edible fats. Imports of edible fats for a six-month period have therefore been included in the estimated requirements to meet a per capita monthly ration of 200 grams for all urban consumers.

TABLE A

SICILY M.A.Y. - FOOD REQUIREMENTS

Item	Population to be fed (thousands)	Per capita daily ration (grams) 1/	Per capita annual ration (Kgs)	Total Requirements (1,000 tons)	Supply Scenario (1,000
(1) Wheat	13,502 2/	244	89.06	1,202	636
(2) Dried Vegetables	13,502 2/	---	20.44	276	138
(3) Sugar	18,003	8	2.92	52	---
(4) Meat Supplement	9,489	28	10.22	97	---
(5) Milk Supplement	450	50	18.25	8	---

1/ See detailed explanation under estimates of food requirements.

2/ 75% of the population.

3/ Estimated collections by the «Granai del Popolo»

4/ Does not include 25,000 tons to be added to the stockpile.

TABLE A

ESTIMATED DAILY - FOOD REQUIREMENTS

...on ...n ...ls)	Per capita daily ration (grams) 1/	Per capita annual ration (Kgs)	Total Requirements (1,000 tons)	Supply from domestic sources (1,000 tons)	Import Requirements
2/	244	89.06	1,202	636 3/	566 4/
2/	---	20.44	276	138	138
	8	2.92	52	---	39
	28	10.22	97	---	97
	50	18.25	8	---	8

...timates of food requirements.

...l del Popolo"

...added to the stockpile.

TABLE B: CENTRAL AND SOUTHERN ITALY - FORECAST OF FARM RETENTIONS OF WHEAT FOR FOOD

Category	Number (1,000)	Per capita Retention (tons)	Total Retention (1,000 tons)
Non-annual operators	342	.15	51
Employees	46	.1	5
Laborers	2,365	.2	473
Share-tenants	2,806	.2	611
Annual operators	5,800	.2	1,160
Totals	11,359	-	2,300

TABLE C

CENTRAL AND NORTHERN ITALY - FOOD SUPPLIES
OCTOBER 1944 TO SEPTEMBER 1945

Item	Production (1,000 tons)	Seed (1,000 tons)	Farm Food Retentions (1,000 tons)	Feed (1,000 tons)	Available for rations (1,000 tons)
Wheat	4,000	400	2,300	--	1,300
Rice	700	25	50	--	625
Corn	2,200	55	900	1,200	45
Barley	50	6	44	--	--
Rye	120	12	98	10	--
Sugar	260	--	--	--	260

TABLE 6

GRAIN AND RELATED DATA - FOR SELECTED COUNTRIES AS OF SEPTEMBER 1943

Population (1,000 tons)	Seed (1,000 tons)	Farm feed requirements (1,000 tons)	Feed (1,000 tons)	Available for exports (1,000 tons)
4,000	400	2,300	--	1,300
700	25	50	--	625
2,200	55	900	1,200	45
50	6	44	--	--
120	12	98	10	--
260	--	--	--	260

TABLE II

GREECE AND BULGARIA IMPORT REQUIREMENTS (FY 19

Item	Population as at End (1,000)	Per capita daily Ration (grams)	Per capita annual ration (Kgs.)	Total requirements (1000 tons)	Domestic supplies	Import requirements
(1) Bread grains	17,060	242	88.33	1,507	1,729 1/	---
(2) Dried vegetables	17,060	54	20.44	349	100	249
(3) Sugar	28,439	8	2.92	83	260	---
(4) Meat	17,060	28	10.22	174	160	---
(5) Milk, whole, dry	1,421	25 2/	9.12	13	--- 3/	13
(6) Edible fats	17,060	4.5	2.4	40	20	20

1/ Expected deliveries of wheat and rice, all in terms of wheat.

2/ Fifty grams for six months only.

3/ Domestic supplies assumed not available for relief distribution.

ANNEX II

SUDAN AND EASTERN ETHIOPIA (PROV)

Population (1,000)	Per capita daily ration (grams)	Per capita annual ration (Kgs.)	Total requirements (000 tons)	Domestic supplies	Import requirements	Imports
17,060	242	88.33	1,507	1,250 1/	---	250
17,060	56	20.44	349	100	249	---
28,419	8	2.92	83	260	---	177
17,060	28	10.22	174	300	---	126
1,421	35 2/	7.12	10	--- 3/	10	---
17,060	4.5	2.4	40	20	20	---

1/ Cereals, all in terms of wheat.

2/ Urban only.

3/ Stocks available for relief distribution.

II. MEDICAL SUPPLIES AND SOAP

(1), (2), (3) Medical Supplies

Estimates for Southern Italy are based on AGC requirements on the assumption that the plants in northern Italy will not be able to supply any substantial amounts to the southern area. The amounts have been reduced to one-half during the second semester.

For the northern area, with a population 2-1/2 times that of the southern area, a ratio 2:1 has been applied in estimating the medical requirements for tropical units ratio 1:1 for the first 4 months of the period considered reducing the amount when domestic production may be expected. It is not expected that CAD units or standard kits are going to be actually supplied. In most cases requisitions from the area will indicate specific needs. During the last quarter the entire area is assumed self-sufficient.

(4) Soap

Southern Italy will be self-sufficient if caustic soda is supplied. Northern Italy may be expected to be self-sufficient after January 1945. For the first four months 3,000 tons per month.

Estimates for Southern Italy are based on ACC requirements on the assumption that the plants in Northern Italy will not be able to supply any substantial amounts to the southern areas. The amounts have been reduced to one-half during the second semester.

For the northern area, with a population 2-1/2 times that of the southern area, a ratio 2:1 has been applied in estimating the medical requirements for tropical units ratio 1:1 for the first 4 months of the period considered reducing the amount when domestic production may be expected. It is not expected that CAD units or standard kits are going to be actually supplied. In most cases requisitions from the area will indicate specific needs. During the last quarter the entire area is assumed self-sufficient.

(4) Soap

Southern Italy will be self-sufficient if caustic soda is supplied. Northern Italy may be expected to be self-sufficient after January 1945. For the first four months 3,000 tons per month.

1799

II. MEDICAL SUPPLIES AND SOAP REQUIREMENTS

	Total annual value in $(000's)	Unit Cost in U.S.$	Total annual tonnage in metric tons	1944 October	Nov.	Dec.	1945 January	Feb.	March	April	May
A. Southern Areas											
CAD Basic Medical Units			1,725	230	230	230	230	230	230	115	115
CAD Supplemental Tropical Units			75	10	10	10	10	10	10	5	5
CAD Anti-Malarial Supply Unit			60	8	8	8	8	8	8	4	4
Subtotal	1,478	1,870	1,860	248	248	248	248	248	248	124	124
Soap		17½									
Subtotal	1,478		1,860	248	248	248	248	248	248	124	124
B. Northern Areas											
CAD Basic Medical Units			2,760	460	460	460	460	230	230	230	230
CAD Supplemental Tropical Units			80	5	5	5	5				
CAD Anti-Malarial Supply Unit			96	16	16	16	16	8	8	8	8
Subtotal	5,378	1,870	2,876	481	481	481	481	238	238	238	238
Soap	1,620	135	12,000	3000	3000	3000	3000				
Subtotal	6,998		14,876	3,481	3481	3481	3481	238	238	238	238
Grand Total	13,476		16,736	3,729	3729	3729	3729	486	486	362	362

II. MEDICAL SUPPLIES AND EQUIPMENT

Total annual tonnage in short tons	Unit Cost in U.S.$	Total annual tonnage in short tons	1944 October	Nov.	Dec.	1945 January	Feb.	March	April	May	June	July	Aug.	Sept.
A. Southern Areas														
		1,725	230	230	230	230	230	230	115	115	115			
		75	10	10	10	10	10	10	5	5	5			
		60	8	8	8	8	8	8	4	4	4			
1,728	1,870	1,860	248	248	248	248	248	248	124	124	124			
	135													
1,728		1,860	248	248	248	248	248	248	124	124	124			
B. Northern Areas														
		2,760	460	460	460	460	230	230	230	230				
		20	5	5	5	5								
		96	16	16	16	16	8	8	8	8				
1,728	1,870	2,876	481	481	481	481	238	238	238	238				
900	135	12,000	3000	3000	3000	3000								
1,728		14,876	3,481	3481	3481	3481	238	238	238	238				
1,776		16,736	3,729	3729	3729	3729	476	476	362	362	124			

XIX. CLOTHING, TEXTILES, FIBERS AND ACCESS

	Total annual value in M(000's)	Units each in U.S. M	Total annual tonnage in metric tons	1944 October	November	December	1945 January	Feb
				A. Southern Italy, Sicily, Islands				
1. Clothing for relief								
2. Clothing for sale:								
Cotton	1,500	3,000	300	150	150			
Wool	3,000	6,000	500	250	100	50	50	
3. Piece Goods:								
Wool	3,840	4,800	800	300	300	200		
Wool (Knitting)	1,440	2,400	600	300	200	100		
Cotton	2,160	3,600	600	300	300			
4. Findings and Notions:								
Thread	90	1,300	50	25	15	10		
Others (4)	45	3,000	15	2	2	2	1	
5. Shoes and repair parts:								
Shoes	3,150	2,500	1,260	250	200	100	100	
Soles and Heels	1,000	1,000	1,000	200	200	100	100	
Subtotal 1 to 5	12,225		5,125	1,727	1,467	562	251	
6. Raw materials and supplies for industry:								
Cotton	3,360	560	6,000	400	400	400	400	
Supplies and spare parts	300	500	600	60	60	60	60	
Subtotal 6	3,660		6,600	460	460	460	460	
Total for area	19,885		11,725	2,197	1,927	1,022	711	

III. CLOTHING, TEXTILES, FIBERS AND ACCESSORIES, FOOTWEAR REQUIREMENTS

Unit cost U.S.$	Total annual tonnage in metric tons	1944 October	November	December	1945 January	February	March	April	May	June	July
					A. Southern Italy, Ivol, Islands						
5,000	300	150	150								
6,000	500	200	100	50	50	50	50				
4,800	800	300	300	200							
2,400	600	300	200	100							
3,600	600	300	300								
1,800	50	25	15	10							
3,000	15	2	2	2	1	1	1	1	1	1	1
2,500	1,250	250	200	100	100	100	100	100	100	100	100
1,000	1,000	200	200	100	100	100	100	50	50	50	50
	5,135	1,737	1,467	562	351	351	351	151	151	151	151
560	6,000	400	400	400	400	400	400	600	600	600	600
500	600	60	60	60	60	60	60	40	40	40	40
	6,600	460	460	460	460	460	460	640	640	640	640
	11,735	2,197	1,927	1,022	711	711	711	791	791	791	791

...AID ACCESSIONS, FOOTWEAR REQUIREMENTS

1945 ...ary	February	March	April	May	June	July	August	September
...ands								
50	50	50						
1	1	1	1	1	1	1	1	1
100	100	100	100	100	100	100		
100	100	50	50	50	50			
251	251	151	151	151	151	1	1	
400	400	600	600	600	600	600	600	
60	60	40	40	40	40	40	40	
460	460	640	640	640	640	640	640	
711	711	791	791	791	791	641	641	

XII. CLOTHING, TEXTILES, FIBRES AND

	Total annual value in $ (000's)	Unit cost in U.S. $	Total annual tonnage in metric tons	1944 October	November	December	1945 January	
				B. Central and Northern Italy				
1. Clothing for relief	6,000	6,000	1,000	650	200	150		
2. Clothing for sale	900	6,000	150	50	50	50		
3. Piece Goods:								
Wool	5,760	4,800	1,200	500	500	200		
Wool (Knitting)	1,920	2,400	800	500	300			
Cotton	3,600	3,600	1,000	500	500			
4. Findings and Notions:								
Thread	180	1,800	100	50	40	10		
Others (4)	135	3,000	45	5	5	5	5	
5. Shoes and repair parts:								
Shoes	6,000	2,500	2,400	300	300	300	300	
Soles and heels	2,000	1,000	2,000	250	250	250	250	
Subtotal 1 to 5	26,195		8,695	2,805	2,145	965	555	
6. Raw materials:								
Cotton	25,800	560	48,000		2,000	3,000	4,000	
Wool (greasy)	14,000	800	17,500	100	300	500	600	
Hides (for footwear)	1,400	350	4,500					
Quracco or Dum seeds for buttons	50	50	1,000	50	50	50	50	
Supplies and spare parts	3,250	500	6,600	800	800	800	700	
Subtotal 6	44,500		77,600	950	3,150	4,350	5,350	
Total for area	72,695		86,195	3,755	5,295	5,315	5,905	
Total for all of Italy	214,260		97,920	5,952	7,222	6,337	6,615	
Subtotal 1 to 5	45,720		13,820	4,542	3,512	1,527	906	
Subtotal 6	169,240		84,100	1,410	3,810	4,810	5,709	

XXI. CLOTHING, TEXTILES, FIBERS AND ACCESSORIES, FOOTWEAR AND LEATHER GOODS

Total annual tonnage in 1944 metric tons	1944 October	November	December	1945 January	February	March	April	May	June	July	Aug
B. Central and Northern Italy											
1,000	650	200	150								
150	50	50	50								
1,200	500	500	200								
800	500	300									
1,000	500	500									
100	50	40	10								
45	5	5	5	5	5	4	3	3	3	3	
2,400	300	300	300	300	300	300	200	200	100	100	
2,000	350	250	250	250	200	200	200	200	100	100	
8,695	2,905	2,145	965	555	505	504	403	403	203	203	
48,000		2,000	3,000	4,000	4,000	4,000	4,000	5,000	5,000	5,000	
17,500	100	300	500	600	1,000	1,500	2,000	2,000	2,000	2,500	
4,500						500	500	500	500	500	
1,000	50	50	50	50	100	100	100	100	100	100	
6,300	800	800	800	700	700	500	500	500	500	300	
77,300	950	3,150	4,350	5,350	5,800	6,600	7,100	8,100	8,100	8,500	
86,195	3,855	5,295	5,315	5,905	6,305	7,105	7,505	8,505	8,305	8,805	
97,920	5,955	7,445	6,327	6,615	7,015	7,815	8,295	9,095	9,095	9,395	10
13,305	1,502	3,615	1,527	805	755	655	555	355	355	355	
83,100	1,440	3,670	4,810	5,810	6,250	7,050	7,750	8,750	8,750	9,050	10

TEXTILES, FIBRES AND ACCESSORIES, FOOTWEAR REQUIREMENTS

	December	1945 January	February	March	April	May	June	July	August	September
Northern Italy										
	150									
	50									
	800									
	10									
	5	5	5	4	3	3	3	3	2	2
	300	300	300	300	200	200	400	100		
	250	250	200	200	200	200	100	100		
	565	552	505	504	405	405	505	203	2	2
	3,000	4,000	4,000	4,000	4,000	5,000	5,000	5,000	6,000	6,000
	500	600	1,000	1,500	2,000	2,000	2,000	2,500	2,500	2,500
				500	500	500	500	500	1,000	1,000
	50	50	100	100	100	100	100	100	100	100
	800	700	700	500	500	500	500	300	200	200
	4,350	5,350	5,800	6,600	7,100	8,100	8,100	8,400	9,800	9,800
	3,945	5,205	6,705	7,104	7,503	8,503	8,503	8,603	9,805	9,805
	6,337	6,619	7,016	7,315	6,514	8,514	9,614	9,314	10,443	10,443
	1,327	806	636	636	514	514	514	314	2	2
	4,810	5,410	6,220	7,063	7,710	8,710	8,710	9,010	10,402	10,402

VII. CLOTHING, TEXTILES, FIBERS, ACCESSORIES, AND MAINTENANCE MATERIALS

NOTES

(1) Clothing for Relief

(a) Southern Italy, including Islands

The procurement, shipping, and distribution of clothing for relief has already taken place under the period of military responsibility prior to October 1, 1944.

(b) Central and Northern Italy

Clothing for Central Italy, Regions V, VIII, IX is already stockpiled in the theatre. Under the assumption of this paper, clothing will be distributed in Italy in Regions I, XI and XII - Northern Italy - during the period October, November and December 1944. The requirements are estimated at 15% of the total population. The number of sets requested is about 3,000,000 - each set to take care of 7 persons. The composition of each set is according to Red Cross directives. They are distributed free to displaced and bombed out persons, refugees, institutions and the like. This finished clothing is intended to cover the impact of need immediately after liberation.

(2) Clothing for Sale

(a) Southern Italy, including Islands

Requisitions have been received from the Theatre Commander calling for considerable amounts of clothing for sale, or equivalent piece goods, thread and findings for estimated needs of three million people for a period of one year. The requisitions call for amounts which are well beyond the available supply. It is intended to cover part of the request during the period preceding civilian responsibility, but a considerable margin is left over to be covered largely by piece goods. Some clothing, however, might be provided in the form of second-hand material.

The schedule in Table III calls for a certain amount of knitted wear ready made, since the Southern area lacks manufacturing facilities. The needs for the second, third and fourth quarter of this program are expected to be covered by local production and by imports from northern Italian production. Small amounts of findings and other supplies have to be imported. The over-all amount of textiles for the entire period is estimated roughly at 1/4 of prewar consumption.

(b) Central and Northern Italy

Very little clothing for sale is scheduled for shipment to Northern Italy, aside from small amounts of knitted wear. Requirements are to be met through piece goods to be made available [illegible] months, until a limited rehabilitation of local

1796

Clothing for Central Italy, Regions V, VIII, IX is already stockpiled in the theatre. Under the assumption of this paper, clothing will be distributed in Italy in Regions X, XI and XII - Northern Italy - during the period October, November and December 1944. The requirements are estimated at 15% of the total population. The number of sets requested is about 3,000,000 - each set to take care of 7 persons. The composition of each set is according to Red Cross directives. They are distributed free to displaced and bombed out persons, refugees, institutions and the like. This finished clothing is intended to cover the impact of need immediately after liberation.

(2) Clothing for Sale

(a) Southern Italy, including Islands

Requisitions have been received from the Theatre Commander calling for considerable amounts of clothing for sale, or equivalent piece goods, thread and findings for estimated needs of three million people for a period of one year. The requisitions call for amounts which are well beyond the available supply. It is intended to cover part of the request during the period preceding civilian responsibility, but a considerable margin is left over to be covered largely by piece goods. Some clothing, however, might be provided in the form of second-hand material.

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(b) Central and Northern Italy

Very little clothing for sale is scheduled for shipment to Northern Italy, aside from small amounts of knitted wear. Requirements are to be met through piece goods to be made available in the first two months, until a limited rehabilitation of local production is ready to supply needs. (See (6) below.)

1796

(3) Piece Goods

(a) Southern Italy, including Islands

Some piece goods are scheduled for shipment as an equivalent for the clothing required. Advices from the theatre indicate that

the clothing industry is capable of taking care of local requirements.

(b) Northern Italy

Some piece goods, mostly wool, and knitted wear are provided for local processing.

(4) Findings and Notions

(a) Southern Italy, including Islands

Sewing thread is provided in an amount proportionate to the piece goods imported. Local production of thread is expected to provide for needs for the greater part of the period.

Needles are being imported throughout the period because of the lack of local production.

Buttons are provided in the initial period, while during and after the second quarter, Italian production is expected to cover all needs.

(b) Northern Italy

Same as for Southern Italy. Surplus production of findings, thread, buttons and pins are expected to be made available to Southern Italy.

(5) Shoes and Repair Parts

(a) Southern Italy, including the Islands

According to ACC reports, the footwear shortage is one of the most acute in Southern Italy, especially among the working population. The type called for should be a heavy shoe for miners, lumberjacks and agricultural workers; for others, the usual relief type of reclaimed rubber sole and canvas upper. Limited Italian production is expected to cover essential needs by October 1945.

(b) Central and Northern Italy

It is expected that the shoe situation in Northern Italy will be as critical as it is in Southern Italy. Similar provisions are, therefore, made in the plans with those called for by ACC ration. Some material will be provided for the rehabilitation of local production.

(6) Raw Materials and Supplies for Industries

(a) Southern Italy, including the Islands

The textile industry in Southern Italy, after considerable destruction, has an estimated capacity of 17,000 bales a year, and it is expected to reach this full capacity only after considerable

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(6) Raw Materials and Supplies for Industries

(a) Southern Italy, including the Islands

The textile industry in Southern Italy, after considerable destruction, has an estimated capacity of 17,000 bales a year, and it is expected to reach this full capacity only after cannibalization has been achieved and certain supplies provided. It is expected that this capacity will be reached by October 1944. The plans call, therefore, for provision of raw material from that period on. Supplies are estimated at a 10% of the tonnage of the raw material with a decreasing trend due to expected increased availability in Northern Italy.

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(b) Northern Italy

Due to the very large capacity of the Italian textile industry the four-month period for restarting production has been curtailed to a two-month period with an expected initial capacity equal to 10% of prewar. Provisions are made for an increasing capacity for the cotton industry from 10% to 30% by September 1945. For the wool industry, a slightly lower rate of operations has been contemplated. Raw materials for the button industry which are in ample supply are provided in order to cut down entirely the imports.

Some hides are scheduled for shipment at the end of the second quarter of this program in order to provide essential shoes which would otherwise have to be imported.

At the peak of capacity in September 1945 the cotton industry will turn out textiles at a rate which is considered the minimum standard under the UNRRA plans. However, if necessary, through keeping domestic consumption at a lower rate, some 2,000 to 3,000 tons of cotton textiles may be made available for export, providing between 25 to 30 thousand yards for nearby liberated areas. No provision has been made for the artificial textile industry because of its high coal consumption and because of its rather complicated manufacturing processes which do not permit ready rehabilitation.

IV: REQUIREMENTS FOR AGRICUL

	Total Annual Value in $(000's)	Unit cost in U.S. $	Total annual tonnage in metric tons	1944 October	November	December	19 Janu
A. Southern Italy, incl. I							
1. Superphosphates	5,100	30	170,000	120,000	20,000		
2. Phosphate rock	1,260	7	180,000	8,000	8,000	8,000	12,0
3. Sodium Nitrate	5	46	120	40	40	40	
4. Ammonium Nitrate	3,161	44	71,850	7,200			
5. Copper Scrap	700	200	3,500		1,200	1,400	9
6. Sodium Arsenite	25	250	100				
7. White Oil (Spray)	20	100	200				
8. Belting	238	3,175	75				
9. Farm Machinery	150	300	500				1
10. Spare Parts	90	1,500	60			10	
11. Seed Potatoes	3,200	80	40,000	20,000	20,000		
12. Forestry Equipment	651	2,170	300				
13. Fishing	1,812	1,618	1,120	460	460	200	13,9
	16,412		467,825	155,700	49,700	9,650	
B. Central and Northern							
1. Superphosphates	5,400	30	180,000		20,000	20,000	20,0
2. Phosphate rock	3,150	7	450,000				50,0
3. Sodium Nitrate							
4. Ammonium Nitrate							
5. Copper Scrap	1,500	200	7,500				3,7
6. Sodium Arsenite	25	250	100				
7. White Oil Spray	80	100	800				
8. Belting	1,270	3,175	400				2
9. Farm Machinery	396	300	1,320				
10. Spare Parts	330	1,500	220	20			
11. Seed Potatoes							
12. Forestry Equipment	434	2,170	200			100	
13. Fishing	1,812	1,618	1,120	460		460	
Subtotal	14,397		641,660	480	20,000	20,560	73,9
Grand Total	30,809		1,109,485	156,180	69,700	30,210	86,9

IV: REQUIREMENTS FOR AGRICULTURAL SUPPLIES

Annual Rate in Tons	1944 October	November	December	1945 January	February	March	April	May	June	July	August
				A. Southern Italy, incl. Islands							
1,000	120,000	20,000		12,000	12,000	12,000	20,000	20,000	20,000	20,000	20,000
2,000	8,000	8,000	8,000								
720	40	40	40		14,500	20,000	14,500	8,450			
1,050	7,200			900							
1,500		1,200	1,400			50	50				
400								200			
1,200							25	25	25		
75				100		100	100	100			
1,500				10		10	10	10			
60			10								
2,000	20,000	20,000			100			100			
3,300											
4,320	460	460	280	13,010	26,710	32,160	34,685	28,885	20,025	20,000	20,000
2,825	155,700	49,700	9,650								
				B. Central and Northern Italy							
1,000		30,000	20,000	20,000							
1,000				50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
				3,750	3,750						
1,500						50	50				
1,100						400	400				
1,800							100	100	100	100	
2,400				200	200	200	400	200	120		
1,320				20	20	20	40	50	50		
2,220	20										
						100					
200			100			250					
1,120	460		460								
3,660	480	20,000	20,560	73,970	74,270	50,670	50,990	50,350	50,270	50,100	50,000
19,485	156,180	69,700	30,210	86,980	100,980	82,630	85,675	79,235	70,495	70,100	70,000

RICULTURAL SUPPLIES

	1945 January	February	March	April	May	June	July	August	September
cl. Islands									
									30,000
	12,000	12,000	12,000	20,000	20,000	20,000	20,000	20,000	50,000
		14,500	20,000	14,500	8,450				7,200
	500								
			50	50					
					200				
				25	25	25			
	100		100	100	100				
	10		10	10	10				
		100			100				100
	13,010	26,710	32,160	34,685	28,885	20,025	20,000	20,000	57,300
orthern Italy									
	20,000								100,000
	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	3,750	3,750							
			50	50					
			400	400					
				100	100	100	100	100	
	200	200	200	400	200	120			
	20	20	20	40	50	50			
		100							
		250							
	73,170	74,270	50,670	50,990	50,350	50,270	50,100	50,000	150,000
	86,980	100,980	82,830	85,675	79,235	70,295	70,100	70,000	207,300

IV. REQUIREMENTS FOR AGRICULTURAL SUPPLIES

NOTES

FERTILIZERS

(1) Superphosphates

Superphosphates requirements for 1943 for Southern Italy and Latium have been estimated by the ACC at 390,000 metric tons. The same estimate for total requirements is taken for the crop year 1944-45. However, the capacity of local plants and of plants located in areas yet under German control is estimated at 300,000 metric tons, so that only a total of 90,000 tons would have to be imported for Southern Italy. Of this amount only 30,000 falls within the October 1944 - September 1945 period.

For the rest of Italy 1940 requirements were 1,100,000 metric tons. An equal allocation is recommended for the crop year 1944-45. Allowing for the damage or destruction of plants, and taking into account the relatively large prewar surplus capacity of Northern Italian plants, it is assumed that at least 70% of the requirements, or 770,000 tons, may be provided locally by an intensive use of available facilities. For next year's crop 100,000 tons is scheduled for use in spring and 100,000 tons for use in fall to supplement local production of superphosphates.

(2) Phosphate Rock

For Southern Italy 180,000 tons of rock will be required. For the rest of Italy an additional 450,000 tons of phosphate rock should be imported at a monthly rate of 50,000 metric tons. Annual Italian requirements would thus total 630,000 metric tons. Arrangements have already been made by the ACC to process locally the amounts entered for Southern Italy. The rock comes from North Africa.

Imports of pyrites are not anticipated because pyrites will be available from Central Italy (Tuscany) where most mines are located, and which are expected to have enough stockpiles on hand to supply the small amount needed by the Southern plant in addition to the Sicilian sulphur.

(3) Sodium Nitrate

This item, which is needed for the phosphate plants, will be required only for the last quarter of 1944.

(4) Nitrogen Fertiliser (Potash)

Requirements for Northern and Central Italy are estimated at 70,000 metric tons of pure nitrogen. It is assumed that 50% of the prewar industrial capacity, which amounted to 140,000 metric tons of pure nitrogen, will be intact and available. Domestic production would thus fully cover the requirements of Northern and Central Italy. Imports are planned only for the South and

metric tons, so that only a total of 90,000 tons would have to be imported for Southern Italy. Of this amount only 30,000 falls within the October 1944 - September 1945 period.

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SEED MATERIAL

(11) Seed Potatoes

Most of Italy's crop of early potatoes is dependent upon imported seed material. Prewar annual imports range from 20 to 60,000 metric tons. An amount of 40,000 metric tons of seed potatoes have been requested by the ACC for late fall planting in Southern Italy and the isles. This amount will be sufficient for the planting of some 40,000 hectares from which one can expect a production of 600,000 metric tons of early potatoes. This produce will be extremely useful to relieve the food shortages which might develop in any part of Italy or in the Mediterranean basin prior to the harvest of small grains.

(12) Forestry Equipment

Requirements for forestry equipment have been determined on the basis of reports from the Theatre Commander, who in turn had already screened requisitions by the Italian Royal Forest Corps. Requirements for Northern Italy have been taken to equal those of the areas already liberated despite the fact that forest area is more than fourfold that of Southern Italy.

(13) Fishing Equipment

Southern Italy is expected to be self-sufficient for fishing supplies after October 1944. Northern Italy will need a certain amount of supplies for the first months after liberation. The following items are suggested (based on ACC requirements for Southern Italy):

In Metric Tons

	October	November	December
Fish Hooks	.5	.5	--
Paint	200	200	200
Cotton Twine	200	200	--
Sailcloth	10	10	--
Steel Cable	50	50	--
	460.5	460.5	200

Malta prior to the harvest of small grains.

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Cotton Twine	200	200	—
Sailcloth	10	10	—
Steel Cable	50	50	—
	460.5	460.5	200

1792

and large-scale cultivation of potatoes. Minimum requirements for North and Central Italy are calculated on the basis of 150 Kgs. of 50% potash fertiliser (chloride or sulphate) per hectare in rice and commercial potato cultivation. No allocation of potash is contemplated for Southern Italy and the Isles. On the basis of 220,000 hectares to be fertilized with potash in Northern and Central Italy, total requirements will amount to 330,000, 10% of which to be met from domestic production. Import requirements (totalling 30,000 tons) cannot be met from United Nations supplies and, as such, have not been included in the present program. It is accordingly assumed that arrangements will be made for the shipment of 30,000 tons of potash fertiliser from Germany.

INSECTICIDES AND FUNGICIDES

(5) Copper Scrap

Total requirements for the whole of Italy for copper scrap are estimated at 10,000 metric tons, or at one-third of Italy's prewar imports.

(6) Sodium Arsenite

This product was normally imported. It is suggested that the whole of Italy receive an allocation of 200 tons.

(7) White Oil

To protect fruit trees against scale insects 400 tons should be shipped in May to Southern Italy and 800 tons in March-April to the rest of Italy.

EQUIPMENT

(8) Belting

Italy has suffered a severe shortage of belting material for the last three or four years. Belting materials is essential for the operation of (a) threshing machinery, (b) irrigation and drainage pumps, (c) grain and oil seed mills. The requirements for Southern Italy are estimated at 75 metric tons, those of Northern and Central Italy at 400 metric tons.

(9) Farm Machinery

Total Italian requirements for farm machinery constitute modest estimates arrived at on the basis of replacements rates and imports, allowing for the increased utilization of farm machinery during the war and the practically complete absence of domestic production and imports between 1940 and 1944. Table K shows the basis for estimates. Table K-1 gives the breakdown

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(10) Spare Parts

Requirements for spare parts have been determined allowing for the fact that the large portion of Italy's tractors in use and most of Italy's reapers, reaper-binders, and threshers were of foreign make. Accordingly, during the war years a considerable proportion of this machinery has been immobilized due to the lack of spare parts. The estimates requirements represents a fraction of the machinery and equipment in use.

1797

TABLE K-1

ITALY FARM MACHINERY EMERGENCY REQUIREMENTS

Type	Number	Weight	Total Weight	Total N. as % of N. required on normal 3-year replacement basis
Tractors	500	2.0 tons	1,000	10
Threshers	200	3.0 tons	600	10
Tractor-plows	725	2 tons	145	19
Miscellaneous	--	-	70	--
			1,815 tons	

Threshers	200	3.0 tons	600	10
Tractor-plows	725	2 tons	145	18
Miscellaneous	--	-	70	--
			1,815 tons	

V. INDUSTRIAL MATERIAL REQUIREMENTS INCLUDING LIQUID AND SOLID FUELS

NOTES

(1) COAL

Prewar consumption was around 12 to 13 million tons per year of which about 8 to 10 millions were imported.

Railroads absorbed about 2 millions tons of imported coal, but about 40% of the total traffic was electric. During the first year after liberation, the electric railroad system may be so badly damaged that most, if not all, of the traffic may have to depend on steam locomotives, as is the case now in Southern Italy. Assuming a reduction to 50% of the total prewar traffic (as against a 30% reduction suggested in "Plan A" CCAC (S) 12 of the military authority) but taking into account the nonavailability of electric traction we may estimate that at least 1,500,000 tons will be needed for railroads.

The gas plant which used about 1,100,000 tons of imported coal in 1938 will need at least 500,000 tons (45% of prewar, instead of 60% recommended in "Plan A"). For other uses which absorbed a total of about 9 million tons (of which 5 to 6 millions were imported) only 1 million tons is allowed in the present estimates (about 20% of prewar imports). The total for imported coal is thus 3,000,000 tons.

The same total is obtained if the coal requirements for Southern Italy, as calculated by the A.C.C. until March and slightly revised for the following 6 months, is used as a basis for the requirements of Central and Northern Italy, applying a ratio 2:1 for the second semester.

(2) LIQUID FUEL

Southern Italy

A.C.C. requirements until March 1944, slightly increased from March to December 1945.

Central and Northern Italy

Starting with 20,000 tons in October which corresponds with OSS estimates for the first 3 months after liberation, the requirements are stepped up to 80,000, which represent only 3 times the requirements estimated by A.C.C. for Southern Italy, while the usual ratio between the Southern and Central and Northern areas was 1/5. Total for the year is about 860,000 tons, or about 30% of prewar. Breakdown by quantities is approximately as follows:

Diesel Oil	36%
Kerosene	5%
Petrol - 73 Oct.	16%

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Diesel Oil	36%
Kerosene	5%
Petrol - 72 Oct.	16%
Lubricants	4%
Fuel Oil	30%
Naphtha	9%

(3) CELLULOSE

Nothing for Southern Italy.

1789

Central and Northern Italy

An import of 20,000 tons would represent about 25% of prewar requirements and would allow the production of newsprint and paper in local plants, if domestic production of woodpulp is given necessary assistance.

(4) ROSIN

Southern Italy

Noting because enough fats are available for the manufacture of soap.

Central and Northern Italy

10,000 tons would be used for the manufacture of soap and paints thus relieving the very tight oils and fats situation.

(5) IRON AND STEEL PRODUCTS

The re-organized steel industry is expected to take care of all requirements after June 1945. Until then the most urgent needs will have to be met by "cannibalization" of existing plants, and, to a smaller extent, by imports. Iron and steel products for Southern Italy are included in the industrial emergency kit. A tentative requirement of 80,000 is given for Central and Northern Italy and should include plates, galvanized sheets, piping and fittings, nails, wire rope, rails, structural shapes for emergency repairs. It must be noted that damaged structures will yield plenty of scrap for the end of the considered period, but the "cannibalization" of damaged structures should not be a delaying factor in the reconditioning of essential plants or utilities.

(6) LUMBER

Southern Italy

Self sufficient.

Central and Northern Italy

In spite of the high priority given to materials for lumbering, a serious shortage will exist, since Italy was always in short supply of lumber. Shipping problems, however, will seriously limit the possibility of getting substantial amounts of lumber during the period considered in this estimate. Small quantities are needed for emergency constructions during the first months starting October (possible sources are Corsica, Spain, Portugal). The total estimate is 80,000 tons.

(7) CAUSTIC SODA

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Central and Northern Italy

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(7) CAUSTIC SODA

For manufacture of soap and the refining of olive oil in Southern Italy, caustic is requested at the rate of 150 ton per month until March 1945. There was a large capacity for the manufacture of caustic soda and soda ash located in Northern Italy which should be able to meet the requirements of that area, especially if the reduction in the output of rayon, large consumer of caustic soda, is taken into account.

1788

(8) HIDES - (Industrial Leather)

A serius shortage existed in Italy for the past 4 years. It is hoped, however, that the domestic production will meet the most urgent needs. Some belting has been provided for in Category VI, Industrial Equipment and in Category IV, Agricultural Requirements.

(9) Newsprint

A limited amount will continue to be supplied to Southern Italy Central and Northern Italy are usually self-sufficient, therefore, only a small amount is provided.

V. INDUSTRIAL MATERIAL REQUIREMENTS INCLUDING LIQUID AND SOLID FUELS

	Total annual value $	Unit cost in U.S. $	Total annual tonnage in metric tons	1944 Oct.	Nov.	Dec.	1945 Jan.	Feb.	Mar.	April	May
						A. Southern Area.					
1. Coal	6,240,000	6.50	960,000	75,000	75,000	75,000	75,000	75,000	75,000	85,000	85,0
2. Liquid Fuel	3,618,740	16.91	214,000	20,000	8,000	17,000	16,000	15,000	15,000	18,000	20,0
3. Cellulose											
4. Rosin											
5. Iron and steel											
6. Lumber											
7. Caustic soda	121,500	135.00	900	150	150	150	150	150			
8. Hides											
9. Newsprint	434,000	58.00	8,000	666	666	666	666	666	666	666	6
Subtotal	10,414,240		1,182,900	95,816	83,816	92,816	91,816	90,816	90,816	103,666	105,6
						B. Northern Areas					
1. Coal	14,300,000	6.50	2,200,000	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,0
2. Liquid Fuel	10,725,850	16.91	635,000	20,000	30,000	45,000	60,000	60,000	60,000	60,000	50,0
3. Cellulose	1,210,000	60.50	20,000					1,000	2,000	2,000	2,0
4. Rosin	1,060,000	106.00	10,000						500	1,000	1,5
5. Iron and steel	4,000,000	80.00	50,000			2,000	3,000	5,000	10,000	10,000	10,0
6. Lumber	934,000	46.70	20,000	2,000	3,000	5,000	5,000	5,000			
7. Caustic soda											
8. Hides		331.00									
9. Newsprint	174,000	58.00	3,000				500	500	1,000	1,000	
Subtotal	32,403,850		2,938,000	122,000	183,000	203,000	270,500	276,500	273,500	274,000	273,5
Grand Total	42,818,090		4,120,900	217,816	268,816	295,816	362,316	367,316	364,316	377,666	379,1

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...AL MATERIAL REQUIREMENTS INCLUDING LIQUID AND SOLID FUELS

...b.	Nov.	Dec.	1945 Jan.	Feb.	Mar.	April	May	June	July	August	September
			A. Southern area.								
...00	75,000	75,000	75,000	75,000	75,000	85,000	85,000	85,000	85,000	85,000	85,000
...00	8,000	17,000	16,000	15,000	15,000	18,000	20,000	20,000	20,000	20,000	25,000
...50	150	150	150	150							
...66	666	666	666	666	666	666	666	666	666	666	674
...16	83,816	92,816	91,816	90,816	90,816	103,666	105,666	105,666	105,666	105,666	110,674
			B. Northern area								
...00	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
...00	30,000	45,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
				1,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000
					500	1,000	1,500	1,500	1,500	2,000	2,000
	2,000	3,000	5,000	10,000	10,000	10,000	10,000				
...00	3,000	5,000	5,000	5,000							
			500	500	1,000	1,000					
...00	185,000	203,000	270,500	276,500	273,500	274,000	273,500	263,500	264,500	265,000	267,000
...16	268,816	295,816	362,316	367,316	364,316	377,666	379,166	369,166	370,166	370,666	377,674

TABLE X

ITALY: FARM MACHINERY, POPULATION AND RELATIONSHIPS

Type	Census Numbers In working condition: Total	Census Numbers In working condition: Normal Replacements: Domestic	Normal Replacements: Imports	Normal Replacements: Total	Post-war needs: Imports Requirements	Post-war needs: Domestic Production
Tractors	35,594	30,000	1,100	400	1,500	--	--
Threshers	34,204	33,152	350	350	700	--	--
Grain Drills	100,000	100,000	6,000	----	6,000	--	--
Tractor plows	30,000	30,000	1,500	----	1,500	--	--
Horse plows 1/	970,000	970,000	20,800	6,800	27,600	--	--

1/ Includes only steel plows

Office of Foreign Agricultural Relations, compiled from official statistics, a special report of the ASSEMBLEA DEI COSTITUTI, and Intelligence material.

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TABLE X

ITALY: PATH MACHINERY, POPULATION, AND REPLACEMENTS

Numbers in working condition	Normal Replacements			Post-war Needs		Total on basis of no replacements for 1 year
	Regular	Imports	Total	Imports Requirements	Domestic Production	
30,000	1,100	400	1,500	-	-	5,000
15,192	150	150	700	-	-	2,000
100,000	5,000	----	6,000	-	-	12,000
20,000	1,500	----	2,500	-	-	4,500
970,000	25,000	2,000	27,000	-	-	40,000

Source

Natural Relations, compiled from official statistics, special report of the Intelligence material.

VI. INDUSTRIAL EQUIPMENT, AND CONSUMPTION ITEMS REQUIREMENTS

	Total annual value in $(000's)	Unit cost in U.S. $	Total annual tonnage in metric tons	1944 October	November	December	1945 January	February
A. Southern Areas								
1. Emergency program	784	140	5,600	1,400	1,400	1,400	1,400	
2. Coal Mining	225	250	900	150	150	150	150	150
3. Sulphur and pyrites	30	250	120	20	20	20	20	20
4. Zinc lead mines	225	250	900	150	150	150	150	150
5. Electrical equipment	180	300	600	100	100	100	100	100
6. Electric lamps 1/	30	5$ each	540	45	45	45	45	45
Subtotal	1,474		8,660	1,865	1,865	1,865	1,865	465
B. Northern Areas								
1. Emergency program	2,500	170	15,000	2,000	3,000	5,000	5,000	
2. Coal Mining	225	250	900	150	150	150	150	150
3. Sulphur and pyrites	100	250	400	100	100	100	100	
4. Zinc lead mines								
5. Electrical equipment	480	300	1,600	400	400	400	400	
6. Electric lamps 1/	150	5$ each	2,160	180	180	180	180	180
Subtotal	3,455		20,060	2,830	3,830	5,830	5,830	330
Grand Total	4,929		28,720	4,695	5,695	7,695	7,695	795

1/ Tonnage in shipping tons.

II. INDUSTRIAL EQUIPMENT, AND CONSUMPTION ITEM REQUIREMENTS

Total annual tonnage in metric tons	1944 October	November	December	1945 January	February	March	April	May	June	July	August	September
	A. Southern Areas											
5,600	1,400	1,400	1,400	1,400								
900	150	150	150	150	150	150						
120	20	20	20	20	20	20						
900	150	150	150	150	150	150						
600	100	100	100	100	100	100						
540	45	45	45	45	45	45	45	45	45	45	45	45
8,660	1,865	1,865	1,865	1,865	465	465	45	45	45	45	45	45
	B. Northern Areas											
15,000	2,000	3,000	5,000	5,000								
900	150	150	150	150	150	150						
400	100	100	100	100								
1,600	400	400	400	400						180	180	180
2,160	180	180	180	180	180	180	180	180	180			
										180	180	180
20,060	2,830	3,830	5,830	5,830	330	330	180	180	180	225	225	225
28,720	4,695	5,695	7,695	7,695	795	795	225	225	225			

VI. INDUSTRIAL EQUIPMENT AND CONSUMPTION ITEMS

NOTES

A very detailed estimate is not possible at this time. The broad groups into which this category is divided and the estimates for each are based on the experience gained in Southern Italy, modified according to certain criteria explained below.

(1) Emergency Program

A program for Southern Italy was prepared in October 1943 on the basis of a preceeding North African outline. It included a great variety of industrial materials, and was intended as an "Emergency kit" for urgent repairs. Some commodities are still under procurement, others have been and are currently shipped to the theatre. Some are stockpiled in view of expected future requisitions. The total value of this "Kit" was $2,340,000, its tonnage 17,340 of which about 70% was in the category "Steel products". It is expected that by October 1, 1944 not more than 1/3 of the emergency kit stockpile will be left, and that it will be exhausted within the first 4 months of the period at the rate of 1400 tons per month.

A similar approach to the problem has been made in the estimates for the Central and Northern Italy area. These estimates, of course, take into account (a) the greater degree of industrialization of Central and Northern Italy; (b) the larger amounts of non-essential industries in the Northern part; and (c) the existence of plants capable of supplying, if put in operation, many of the industrial items which have had to be imported in the Southern area.

An "Emergency kit" having a similar size, composition and total cost, has been conceived for the Central and Northern area, to be used over a 4 months' period. It is hoped that after January 1945 the local production will be able to take care of the most essential requirements.

(2) Coal Mining

Programs received from A. C. C. for the operation of the Sardinian Coal mines call for the supply of about 150 tons per month of various items such as explosives, carbides and fuses until March 1945.

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The operation of Area Coal mines, at the rate of about 23,000 tons of coal per month, will require approximately the same monthly amounts of supplies for a period of 6 months. 1783

(3) Sulphur and Pyrites Mines

Sicilian mines for a production of 2,000 tons of sulphur monthly are presently using 20 tons per month of supplies ($5,000 monthly). The same rate is used for the first quarter. Supplies at this rate have been approved by the U. S. and U. K. Military, Supply and Shipping authorities.

Mines in Central and Northern Italy, which will supply pyrites to the fertilizer plants will require about 100 tons of supplies per month, as against 20 tons for Sicily.

(4) Zinc Lead Mines

Exact estimates are still lacking on the amount of supplies needed to keep in operation the Sardinian metal mines. On the basis of existing information (A. C. C. report and requisitions), about 150 tons per month will be needed for the first 6 months to resume operation of the mines for production for domestic consumption and export.

Metal mines in Northern Italy will probably be idle for the period under consideration.

(5) Electrical Equipment

The estimate for Southern Italy is based on A. C. C. figures.

The figure for Central and Northern Italy is derived by applying the ratio 4:1 in line with the ratio between the capacities installed in the two areas.

(6) Electric Lamps

This item was singled out in the Sinclair-Young estimates as the most essential among the electrical supplies.

In the "non-scorching" assumption, 4,200,000 lamps were given as Italian requirements for the 12 months following liberation (2,100,000 additional during the first six months in the "scorching" assumption).

Only 3,600,000 a/ or 300,000 per month are included in the present estimate, total cost $180,000 of which 1/5 is for Southern Italy. (Shipping tons = 0.75 for 1,000 lamps.)

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a/ This would represent about 10% of prewar production.

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a/ This would represent about 10% of prewar production.

Appendix B.

ESTIMATES OF TOTAL TONNAGE AND FREIGHT COSTS

	Freight cost	Weighted Average cost	Total tonnage	1944 October	November	December
Southern Italy, Incl. Islands						
1. Food	14,875	17	875,000	32,250	27,250	27,250
2. Medical supplies and soap	56	30	1,860	248	248	248
3. Clothing, textiles, etc.	375	35	11,725	2,197	1,927	1,922
4. Agricultural supplies	6,530	14	467,825	155,700	45,700	9,690
5. Industrial requirements including fuels	21,294	18	1,182,900	95,816	83,816	92,816
6. Industrial equipment and supplies	361	42	8,660	1,869	1,869	1,869
	43,511		2,547,970	308,076	164,806	132,451
Central and Northern Italy						
1. Food	3,032	17	172,500	159,834	3,334	3,333
2. Medical supplies and soap	446	30	14,876	3,481	3,481	3,481
3. Clothing, textiles, etc.	4,585	30	86,195	3,795	5,295	5,315
4. Agricultural supplies	5,416	10	641,660	480	20,000	20,560
5. Industrial requirements including fuels	52,884	18	2,938,000	122,000	183,000	203,000
6. Industrial equipment and supplies	840	42	20,060	2,830	3,830	3,830
	66,203		3,873,291	288,380	220,940	241,319
1. Food	17,907	17	1,047,500	208,084	30,584	30,583
2. Medical supplies and soap	902	30	16,736	3,729	3,729	3,729
3. Clothing, textiles, etc.	2,960	33	97,920	3,952	7,222	6,337
4. Agricultural supplies	12,966	11.7	1,109,485	156,180	69,700	30,210
5. Industrial requirements including fuels	74,178	18	4,120,900	217,816	268,816	293,816
6. Industrial equipment and supplies	1,201	42	28,720	4,695	5,695	7,695
	109,714		6,421,261	596,456	385,746	374,370

Appendix B.

ESTIMATES OF TOTAL TONNAGE AND FREIGHT COSTS

Weighted average cost	Total tonnage	1944 October	November	December	1945 January	February	March	April	
17	875,000	52,250	27,250	27,250	91,250	90,[illegible]	[illegible]70	90,250	7[illegible]
30	1,860	248	248	248	248	248	248	124	
35	11,725	2,197	1,927	1,022	711	711	711	797	
14	467,825	155,700	49,700	9,650	13,010	26,710	32,150	34,685	2[illegible]
18	1,182,900	95,816	83,816	92,816	91,816	90,816	90,816	103,566	10[illegible]
42	8,660	1,865	1,865	1,865	1,865	452	452	42	
	2,547,970	308,076	164,806	132,851	198,900	209,200	214,[illegible]	232,[illegible]	22[illegible]
17	172,500	155,834	3,334	3,333	3,333	3,333	3,333	-	
30	14,876	3,481	3,481	3,481	3,481	238	238	238	
30	86,195	3,755	5,299	5,315	5,905	6,302	7,104	7,503	
10	641,660	480	20,000	20,560	73,970	74,270	60,670	60,930	5[illegible]
18	2,938,000	122,000	185,000	203,000	270,500	276,500	273,000	274,000	27[illegible]
42	20,060	2,830	2,830	2,830	5,810	330	330	330	
	3,873,291	288,380	220,940	241,519	363,819	360,[illegible]76	335,[illegible]75	135,[illegible]12	13[illegible]
17	1,047,500	208,084	30,584	30,583	94,583	93,[illegible]83	93,[illegible]33	90,[illegible]50	9[illegible]
30	16,736	3,729	3,729	3,729	3,729	496	496	362	
33	97,920	5,952	7,222	6,337	6,616	7,016	7,[illegible]16	8,[illegible]94	
11.7	1,109,485	156,180	69,700	30,210	86,980	100,[illegible]80	82,[illegible]90	85,[illegible]75	7[illegible]
18	4,120,900	217,816	268,816	295,816	362,316	367,[illegible]16	364,[illegible]16	377,666	37[illegible]
42	28,720	4,695	5,635	7,695	7,695	782	782	626	
	6,421,261	596,456	385,746	374,370	561,619	570,[illegible]76	549,[illegible]42	562,[illegible]74	5[illegible]

...ary	February	March	April	May	June	July	August	September
...50	90,250	90,250	90,250	90,250	75,250	75,250	75,250	90,250
...48	248	248	124	124	124	-	-	-
...11	711	711	721	721	721	721	641	641
...10	26,710	12,110	36,685	20,685	20,025	20,000	20,000	57,300
...16	90,816	90,816	103,666	105,666	105,666	105,666	105,666	110,674
...65	465	465	45	45	45	45	45	45
...00	209,200	214,190	229,561	225,751	201,901	201,752	201,602	258,910
...33	3,333	3,333	-	-	-	-	-	-
...81	238	238	238	218	-	-	-	-
...05	6,305	7,104	7,503	6,503	8,303	8,603	9,802	9,802
...70	74,270	50,870	50,290	50,350	90,270	90,100	90,300	150,000
...00	276,500	273,500	274,000	273,500	263,900	264,500	269,000	267,000
...30	130	130	180	180	180	180	180	180
...019	360,976	325,175	332,911	332,771	323,253	323,383	324,982	426,982
...83	93,583	93,583	90,250	90,250	75,250	75,250	75,250	90,250
...729	486	486	362	362	124	-	-	-
...616	7,616	7,815	8,294	9,294	9,054	9,394	10,443	10,443
...980	100,980	82,830	85,875	79,815	70,295	70,100	70,800	207,300
...316	367,316	364,316	372,666	379,166	369,166	370,166	370,505	377,674
...695	795	795	285	285	285	285	285	285
...919	570,176	540,823	562,472	558,532	524,154	525,135	526,584	685,892

APPENDIX C.

ESTIMATES OF MAXIMUM EXPORTS

(Value in thousands of U.S. dollars at expected market price in the buying country - volume in metric tons)

Commodity	VALUE Total	U.S.	UK	Others	Average price per ton	VOLUME Total	% of mission	SOUTHERN ITALY & ISLANDS Value	Volume	Oct-Mar	Apr-Sept	Val
Agricultural												
Meadow seed	12,000	-	-	12,000	1,100	11,000	70	-	-	-	-	12
Vegetable Seed	1,500	300	200	1,000	5,000	300	50	1,500	300	-	300	
Rice, polished	7,200	-	600	6,600	120	60,000	40	-	-	-	-	7
Lemons	8,000	-	4,000	4,000	80	100,000	50	8,000	100,000	70,000	30,000	
Oranges	2,500	-	500	2,000	50	50,000	33	2,500	50,000	50,000	-	
Fresh fruits	10,000	-	-	10,000	100	100,000	90	5,000	50,000	30,000	20,000	5
Dried fruits	2,400	-	400	2,000	300	8,000	30	2,400	8,000	8,000	-	
Fresh tomatoes	1,050	-	150	900	25	42,000	60	750	30,000	-	30,000	
Fresh vegetables	5,000	-	500	4,500	50	100,000	50	3,000	60,000	-	60,000	2
Nuts	2,750	150	2,600	-	500	5,500	30	2,750	5,500	500	5,000	
Early potatoes	3,600	-	3,600	-	120	40,000	70	3,600	40,000	-	40,000	
Wine	5,000	1,000	1,000	3,000	100	50,000	40	2,000	20,000	-500	19,500	3
Argol (at 60%)	1,800	900	900	-	360	5,000	100	1,440	4,000	2,000	2,000	
Tartaric acid	1,500	750	750	-	1,000	1,500	100	750	750	-	750	
Citrus juice	100	-	100	-	100	1,000	150	100	1,000	1,000	-	
Citric Acid	440	-	220	220	440	1,000	50	440	1,000	700	300	
Essential oils	3,696	1,666	2,030	-	8,400	440	100	3,696	440	280	160	
Tomato paste	7,500	500	3,500	3,500	300	25,000	25	3,000	10,000	-	10,000	4
Peeled tomatoes	1,200	-	1,000	200	100	12,000	40	800	8,000	5,000	3,000	
Subtotal	77,336	5,266	22,050	50,020		612,740		41,726	388,990	167,980	221,010	35
Minerals and Metals												
Sulphur	2,200	-	1,100	1,100	22	100,000	40	1,540	70,000	30,000	40,000	
Pyrites	1,500	-	-	1,500	15	100,000	40	-	-	-	-	1
Mercury	4,800	1,200	1,200	2,400	4,000	1,200	60	-	-	-	-	4
Talc	500	100	200	200	50	10,000	60	-	-	-	-	
Pumice	400	200	50	150	20	20,000	50	400	20,000	5,000	15,000	
Barite	80	40	-	40	10	8,000	-	60	6,000	3,000	3,000	
Zinc	900	-	-	900	180	5,000	-	450	2,500	-	2,500	
Zinc concentrates	2,200	-	-	2,200	60	35,000	47	1,260	20,000	5,000	15,000	
Others	1,250	100	400	750	50	25,000	-	250	5,000	2,000	3,000	1
Subtotal	13,830	1,640	2,950	9,240		304,200		3,960	123,500	45,000	78,500	9
Textiles & Fibers												
Hemp raw	18,000	3,000	6,000	9,000	600	30,000	90	3,000	5,000	2,000	3,000	
Hemp products	7,500	1,500	3,000	3,000	1,500	5,000	60	1,500	1,000	1,000	-	
Silk raw	25,000	12,500	12,500	-	12,500	2,000	100	1,250	-100	-	100	
Silk textiles	15,000	10,000	5,000	-	50,000	300	100	-	-	-	-	
Cotton textiles	21,600	-	-	21,600	3,600	6,000	15	-	-	-	-	
Miscellaneous	3,000	-	-	3,000	2,000	1,500	-	-	-	-	-	
Subtotal	90,100	27,000	26,500	36,600		44,800		5,750	6,100	3,000	3,100	
Textiles												
Subtotal	10,000	2,000	2,000	6,000	800	12,500	-	-	-	-	-	
Totals	191,266	35,906	53,500	101,860		974,240		51,436	518,590	215,980	302,610	

APPENDIX C.

ESTIMATES OF MAXIMUM EXPORTS

U.S. dollars at expected market price in the buying country - volume in metric tons)

Others	Average price per ton	VOLUME Total	% of previous	SOUTHERN ITALY & ISLANDS Value	Volume	Oct-Mar	Apr-Sept	CENTRAL & NORTHERN ITALY Value	Volume	Oct-Mar	Apr-Sept
12,400	1,100	11,000	70	-	-	-	-	12,400	11,000	-	11,000
1,000	5,000	300	50	1,500	300	-	300	-	-	-	-
6,600	120	60,000	40	-	-	-	-	7,200	60,000	60,000	-
4,000	80	100,000	50	8,000	100,000	70,000	30,000	-	-	-	-
2,000	50	50,000	33	2,500	50,000	50,000	-	-	-	-	-
10,000	100	100,000	90	5,000	50,000	30,000	20,000	5,000	50,000	-	50,000
2,000	300	8,000	30	2,400	8,000	8,000	-	-	-	-	-
900	25	42,000	60	750	30,000	-	30,000	300	12,000	-	12,000
4,300	50	100,000	50	3,000	60,000	-	60,000	2,000	40,000	-	40,000
-	500	5,500	30	2,750	5,500	500	5,000	-	-	-	-
-	120	40,000	70	3,600	40,000	-	40,000	-	-	-	-
3,000	100	50,000	40	2,000	28,000	-500	19,500	3,000	30,000	10,000	20,000
-	360	5,000	100	1,440	4,000	2,000	2,000	360	1,000	200	800
-	1,000	1,500	100	750	750	-	750	750	750	250	500
-	100	1,000	150	100	1,000	1,000	-	-	-	-	-
220	440	1,000	50	440	1,000	700	300	-	-	-	-
-	8,400	440	100	3,696	440	280	160	-	-	-	-
3,500	900	25,000	25	3,000	10,000	-	10,000	4,500	15,000	-	15,000
200	100	12,000	40	800	8,000	5,000	3,000	400	4,000	-	4,000
50,020		632,740		41,726	388,990	167,980	221,010	35,610	223,750	70,450	153,300
1,100	22	100,000	40	1,540	70,000	30,000	40,000	660	30,000	-	30,000
1,500	15	100,000	40	-	-	-	-	1,500	100,000	25,000	75,000
2,400	4,000	1,200	60	-	-	-	-	4,800	1,200	600	600
200	50	10,000	60	-	-	-	-	500	10,000	2,000	8,000
150	20	20,000	50	400	20,000	5,000	15,000	-	-	-	-
40	10	8,000	-	60	6,000	3,000	3,000	20	2,000	-	2,000
900	180	5,000	-	450	2,500	-	2,500	450	2,500	-	2,500
2,200	63	35,000	47	1,260	20,000	5,000	15,000	940	15,000	5,000	10,000
750	50	25,000	-	250	5,000	2,000	3,000	1,000	20,000	5,000	15,000
9,240		304,200		3,960	123,500	45,000	78,500	9,870	180,700	37,600	143,100
9,000	600	30,000	90	3,000	5,000	2,000	3,000	15,000	25,000	10,000	15,000
3,000	1,500	5,000	60	1,500	1,000	1,000	-	6,000	4,000	500	3,500
-	12,500	2,000	100	1,250	-100	-	100	20,750	1,900	-	1,900
-	50,000	300	100	-	-	-	-	15,500	300	-	300
21,600	3,600	6,000	15	-	-	-	-	23,400	6,000	-	6,000
3,000	2,000	1,500	-	-	-	-	-	3,000	1,500	-	1,500
36,600		44,800		5,250	6,100	3,000	3,100	84,350	38,200	10,500	28,200
6,000	600	12,500	-	-	-	-	-	10,000	12,500	-	12,500
101,860		974,240		51,436	518,590	215,980	302,610	139,830	455,650	118,550	337,100

Appendix C.

ESTIMATES OF MAXIMUM EXPORTS

The table of "Exports" has been prepared in order to show the maximum contribution which may reasonably be expected from Italy toward compensating for the expenditures connected with her import requirements. In this interim period Italy's economy is likely to be distrupted and the needs of the population so pressing that no export of manufactured goods may be reasonably expected. The only exceptions are in some textiles industries.

The main body of the exports covers three main classes of goods;

a) Agricultural products and processed foods and allied products, which even in the distrupted period under consideration are in excess of the "essential needs" of the area. (Lemons, early, potatoes, rice, seeds, hemp, silk, tomato paste). It must be noted, however, that the export of foodstuffs such as rice, dried fruits, nuts, and early potatoes may prove impossible if a food shortage should prevail in the area during the given period.

b) Minerals. Raw materials which were exported also in prewar years because they represent a "natural surplus" of the Italian area. (Sulphur, Bauxite, Pyrites, Talc, Zinc Ores, Zinc). They may be obtained even if only a small number of plants and facilities are in condition to operate.

c) Textiles and Fibers. It is expected that by keeping the domestic consumption down to a minimum, and by supplying enough raw cotton about 5,000 tons of cotton cloth may be expected during the last six months of the period under consideration. Only in 1948 this industry will again be in a position to play an important part in Italy's export trade. This might happen earlier if a) Italian industrial plant is found to be wholly or largely intact, and b) enough raw materials and other necessary imports are brought in from overseas. The latter would be in excess of those estimated in these requirements figures. It is also expected that the Italian silk industry, concentrating all efforts toward maximum production, will be able to export not only raw silk but also silk textiles.

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Appendix D.

Invisible items of the Italian balance of payments
Estimated magnitude
(Sept. 1944 - Oct. 1945)
($000,000's)

	Debit	Credit
1. Italian diplomatic representation and similar expenses	10	
2. Ship and crew maintenance, incl. supplies	30	
3. Revenue from shipping		60
4. Remittances		42
5. Civilian expenditures		12
	40	114

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Appendix D.

INVISIBLE ITEMS OF THE ITALIAN BALANCE OF PAYMENTS

NOTES

(1) Diplomatic Representation and Similar Expenses

At present italian diplomats abroad are being maintained under joint U.S. - U.K. agreement. Funds for their expenses are being advanced by the local U.S. and U.K. representatives on a 50-50 basis. Only a very rough estimate can be made, as the future Italian political set-up is unpredictable at this time.

(2) Maintenance of Italian Ships and Crews

When in foreign ports Italian crews and ships need foreign exchange for crew pay and ship repairs and maintenance inclusive of supplies. A very rough guess is necessary because of the difficulties in estimating the extent of repairs to be made in foreign ports, etc.

(3) Revenue from Shipping

The revenue from shipping has been estimated in the following way:

At present about 300,000 tons of Italian merchant shipping is in service with the Allies. It is expected that another 350,000 may become available during the period making a total availability of 600,000 tons. It is expected that this fleet would be able to carry some 3,000,000 tons of goods at an average price of $ 20 a ton. This item is fully reported on the credit side of the invisible items of the balance of payment because the cost of carrying Italian imports has been charged on the debit side of the balance of trade. Should part of the goods be carried in Italian ships, the cost of the freight will be saved on one side and will not appear in this item of the balance of payment. On the other hand should Italian ships perform services for other nations while other nations will carry Italian goods to Italy, the two items would again balance.

(4) Remittances

Remittances to the Italian area from other countries have represented one of the largest contributions to the Italian balance of payment. However, during the last 15 years they were drastically curtailed, and dwindled practically to nothing by the end of 1938-39.

Starting from the month of February 1944 remittances have been permitted into Sicily, and from the month of April also to certain provinces of Southern Italy. The yield of the first 2 months has been rather low because of the lack of means of communications. Since the reopening of the mails the yield has increased suddenly,, and may be expected to show a continuing rise. From U.S. alone expectations are of $ 500,000 for the month of May, rising to possibly about $ 1,000,000 in July 1944. For the period October 1944 - September 1945, the following estimates may be made.

($ 000,000's)

U.S. $ a month

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($ 000,000's)

U.S.	$ a month	24
South America	1 a month	12
England and British Empire	0,5 a month	6
	Total	42

(5) Expenditures of foreign diplomats in Italy and civilians admitted to Italy

Assuming that on the average there will be some 3,000 foreign civilians residing in Italy and each expending $ 6 a day which they draw from abroad there would be foreign exchange proceeds from this source amounting to $18,000,000 a year.

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No.41

GUIDE TO PRIORITIES OF ITALIAN INDUSTRIES

FOR THE PERIOD OCTOBER 1944 - SEPTEMBER 1945

July 1,1944

Italian Division
Liberated Areas Branch
FOREIGN ECONOMIC ADMINISTRATION

Italian Division
Liberated Areas Branch
FOREIGN ECONOMIC ADMINISTRATION

July 1,1944

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SUMMARY

A priority rating needs to be assigned to the various industries as a guide in the allocation of such materials or services as are required for the resumption or for the continuation of their operations.

Priorities for the period October 1944 - September 1945 are suggested in this paper assuming a German collapse and total liberation of Italy on or before October 1, 1944.

The "destruction factor" is disregarded, in spite of the fact that it may prove the one determining the direction and the size of all rehabilitation work.

A short explanatory comment is given as justification of the priority given to the various industrial activities.

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A short explanatory comment is given as justification of the priority given to the various industrial activities.

Guide to Priorities of Italian Industries for the Period October 1944 - September 1945

Introductory Note

Immediately after liberation most of the industries of Italy will need assistance from the Allied authorities and from the Italian government in order to operate. Even those industries which will be found intact and which will have available local raw materials will have to be provided with electricity, transportation facilities, manpower and financing.

It is clear, therefore, that a priority rating needs to be assigned to the various industries as a guide in the allocation of such materials or services as needed for the resumption or for continuation of their operations.

Priorities vary with varying assumptions both as to policy and as to time. The present study deals with priorities which may be applied for the period October 1944 - September 1945, during which an emergency situation is assumed still to prevail in Italy.

Estimates of import requirements for industries are given in "Factors in Italy's Economic Position October 1944 - September 1945".

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Estimates of import requirements for industries are given in "Factors in Italy's Economic Position October 1944 - September 1945".

1. Previous studies

A study 1/ of Italian industries for the purposes of reoccupation was prepared in July 1943 by the Italian Section of the Reoccupation Division, CCS.

Industries were rated according to four criteria which reflected the major considerations which have to be kept in mind in appraising the industrial facilities of a liberated area.

The definitions of the four criteria and the significances of the rating follow:

Criteria	Rating			
	A	B	C	D
I. The importance of the industry's contribution to the civilian population	Absolutely essential	Important	Of minor import.	Unim - portant
II. The importance of industry's contribution to military operations of the United Nations	important	Important	Of minor import.	Unim - portant
III. The contribution of the industry to the civilian needs of surrounding areas	Large	Sizable	Small	None
IV. The degree of autarchy (reliance on domestic raw materials), exclusive of fuel	Total (No imports)	Large (Few imports)		None (Almost all imported)

No attempt was made to give an overall priority rating because the various ratings had different purposes and therefore could not be consolidated.

A first application of the evaluation system was made in planning for coal requirements for Italy. 2/

In February 1944 the Industrial Planning Staff of the Allied Control Commission in Italy adopted the above rating system with some modifications (criterium C was disregarded) and an attempt was made to dididedthe various industries into ten classes of priorities. 3/

For the specific purpose of assigning priority to Civilian Supplies for Italy during the military period, the following rating system was established by COAC (CAL Airgram 5, November 30, 1943):

" RATING ONE: Supplies which must be furnished to prevent disease [illegible] which would prejudice the military

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For the specific purpose of assigning priority to Civilian Supplies for Italy during the military period, the following rating system was established by CCAC (CAL Airgram 5, November 30, 1943):

" RATING ONE: Supplies which must be furnished to prevent disease or unrest which would prejudice the military operation. Such supplies are justified only on the bases of absolute essentiality.

RATING TWO: Supplies which are essential to the maintenance of industrial, economic, and civilian life of the country to such an extent that the lack of such supplies would cause severe internal repercussions, although not to such an extent that military operations would be jeopardized.

1/ Evaluation of Italian industries for the purposes of reoccupation RR 65, July 1943.

2/ Allocation of coal and imported raw materials to Italian industries, CMH Reoccupation Division RR 65 A - Italian coal re -

quirements RR 65 B.

1/ Report of overseas mission made by Colonel S.F. Clabaugh 2 December 1943 - 18 February 1944.

RATING THREE: Supplies necessary for the production of goods contributing directly to the Allied War Program.
RATING FOUR: Supplies which are important to the indus - trial and civilian life of the country althought the lack of such supplies would not cause severe internal reperous sions."

Rating are not attributed to industries but to commodities.

II. Tentative priorities for the Period October 1944-September 1945

If the conditions in which the priority rating has to be used fare more precisely defined,it is possible to focus more precisely the evaluations of the various industrial activities. An attempt is made in this paper to prepare an industrial priority table for the period of one year following Germany's collapse, putting this collapse at October 1,1944.

The criteria as defined in RR 65 are taken into consideration with a different "weight".

Criterion I dealing with the importance of the contribution to the civilian population is the most important of the four since the European war is assumed to have terminated.
Criterion II dealing with military operations in dieregarded altogether.
Criterion III dealing with possible contributions to surroun ding areas in the work of rilief is less important because only a few Italian industries will have enough capacity left to supply other areas.
Criterion IV dealing with the degree of reliance of domestic materials is important because of the scarcity of transpor - tation which will prevail throughout the period, and also be cause the deficit in Italy's financial position.

Having thus gives the various criteria a different " weight " it is reasonable to attempt to divide the various industries into priority groups with the purpose of recommending:

a) Amount of attention to be given to the industries by the Allied authorities working in cooperation with the Ita - lian authorities. During the emergency period industries will not only need imported supplies,but will also com - pete for scarce electric power,for scarce transportation, for financial assistance,etc.
b) Priority to be given to imported materials,needed for the operation and/ or rehabilitation of the various industries.
c) Priority in terms of materials and spare parts to be ob- tained through"cannibalization" whereby first priority

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b) Priority to be given to imported materials,needed for the operation and/ or rehabilitation of the various industries.
c) Priority in terms of materials and spare parts to be ob- tained through"cannibalization" whereby "low priority" industries may be stripped of parts and equipment in fa- ver of industries having a high rating.

During the period under consideration a general shortage in manufacturing facilities and in shipping and raw materials is as - sumed still to be in a state of relative confusion so as not to allow any large amount of imported materials to be paid for on com mercial bases. This put in a lower priority group some industries which would have a better rating on a long range perspective. This "a priori"classification cannot take into account the "destruction factor" which mayprove to be one determining all plans,as was the

case for steel and cotton mills around Naples, which having ceased to exist, eliminated the need of any evaluation.

Overcoming the sense of "futility" which affects every "post liberation" plan which the "destruction factor" is purposely disregarded, a priority chart of Italian industries has been prepared. Industries are divided into four "essentiality classes", 1/

1/ It should be pointed out that the "evaluation of essentiality" implies the operations of the industries as a whole, or at least a substantial part of it. In fact practically every industrial activity is essential at a certain level.

each subdivided into 3 groups, according to the varying types of their import requirement. A short explanatory comment is submitted in support of the given rating.

The priorities given in the chart are in general agreement with field experiences in Southern Italy in spite of the fact that the liberated area is only a part of an integrated national economy and that, therefore, may other factors affect most industries.

"Essentiality classes"

A. Essential industries: to which immediate attention has to be given. Peak production is desired with the shortest delay. Highest priority is accorded in the supply of imported materials, in the allocation of transportation, fuel and manpower. Plants included in other classes may be dismounted in order to make available needed parts of materials.

If import of supplies is needed rating one 1/ may be generally attributed to them.

Their ratings in RR 65 include on A in the first and/ or second position. It includes most industries for which a major effort toward rehabilitation was made by AMG/ACC in Southern Italy (L/C Airgram 29).

B. Important industries: to which early attention should be given 2/ All reasonable efforts should be made in order to maintain or resume or ~~assume~~ production, but urgency for their production during the initial period is not extreme and reduced rate of activities will generally satisfy urgent needs. However, the activities of these industries are essential to the maintenance of the civilian life of the country eve at minimum level and to the reduction of the dependency of Italy on imported goods.

Whenever import of supplies is needed, rating two 1/ may be generally attributed.

Their ratings in RR 65 include generally A and B in the first positions.

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If import of supplies is needed rating one 1/ may be gene - rally attributed to them.

Their ratings in MR 65 include on A in the first and/ or second position. It includes most industries for which a major effort toward rehabilitation was made by AMG/ACC in Southern Italy (L/C Airgram 89).

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Whenever import of supplies is needed,rating two 1/ may be generally attributed.

Their ratings in MR 65 include generally A and B in the first positions.

C. Industries of minor importance to which some attention should be given and some effort made in order to make them contribute to the economic life of the country,to the reduction of its depen - dency,or to have them produce goods and materials to be exchan - ged in foreign markets. Their operation is not required during the initial period,unless the products are usefull for the pro - secution of the war.

Their rating in MR 65 is generally B and C in one or both of the first positions,and A is sometimes found in the third position,thus indicating importance for export.

D. Unimportant industries to which little or no attention should

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be given [illegible],because their contribution to civilian life is very little,at least at the subsistence level on which the program is keyed. It includes also war industries which will have to be converted or dismounted altogether so as to make parts available to other industries,as well as some "unnatural".

1/ However,the modified overall assumption and the extension of the period period make this high rating less dependent on military operations and give emphasis to civilian necessities.

2/ Early attention includes as a first step an accurate survey in order to ascertain available capacity. It is known that some plants have been pillaged by the German authorities and equipement shipped to Germany. Measures should be taken to have such equipment (or its equivalent) returned promptly. This is in line with the general policy or restitution which,as a minimum initial measure,should be imposed on Germany.

"Types of supplies groups"

1) Industries which may need only minor imported repair parts, which may also be supplied from "cannibalisation" within the class or from plants in lower classes. These use domestic raw materials and are not specifically dependent on imported coal. Coal is generally a minor factor in their operations.

2) Industries which may need some imported materials,spare parts and maintenance items during the initial period. "Cannibalization"is less helpful because most of the importemsre specialized.

3) Industries which depend chiefly on imported raw materials and/or on imported coal. Some repair parts and equipment may be needed during the initial period.

1/ Some industries are,of course,"unnatural" at a certain level and "natural" at some lower level,e;g; iron mining in Elba is, as far ,as it goes,natural,but"unnatural" elsewhere in Italy using presently accepted techniques.

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Imports of minor repair parts

	Page	1	Rating
A.	39-40	Grain Milling	AADB
	41	Baking	AADA
Essential Industries	43-44	Olive Oil	ABCA
	46	Dairy Products	AACA
	47-48	Meat, Meat Prod.	AADB
	60	Ice and Cold Storages	AADA
	105	Railroad Equipment	AACB
	153,154	Silk	DABA
	155,156	Hemp,Flax	CAAA
	158	Clothing	ABCA
	111	Agricultural Equipment	ABBB
B.	42	Macaroni	ABCA
	56,57	Sugar	AABA
Important Industries	71	Salt	AAB-
	71	Sulphur Mining	BDA-
	74	Building Construction	AC-A
	75	Cement	AABA
	76	Lime, Gypsum	ACDA
	77	Bricks and Allied	BCDA
	78	Glass	ABDA
	79	Ceramic	BCDA
	107	Metal Foundries	BBCC
	110	Bicycles,Motorcycles	ABCB
	118	Soda, Chlorine	BDDA
	136	Tanning Products	ABCB
	137	Compressed Gases	BCDA
	139	Synthetic Rubber	AADA
	166,167	Knitted Wear,Hosiery	BBBA
	109	Shipyards	BAAB
C.	45	Wire Making	CCBA
	59	Beer ,Malt	CABB
Industries of	71	Talc, Baryte, etc.Min.	BDB-
	72,73	Building Materials(Min)	BBD-
Minor Importance	72,73	Materials for Industry	BCD-
	84	Furniture, Woodwork	BBBB
	85	Cork, Wood Waste	BBBB
	86	Cellulose, Woodpulp	ACCA
	113,114	Misc. Chemical Industry	----
	112,	Misc. Metal Works	BBCB
	119	Electrothermic Industry	BBBB
	133	Tartaric Products	CBBA
	134	Citric Acid	BCBB
	160	Miscellaneous Textiles	CDDC

	111	Agricultural Equipment	AMBB
B.	42	Macaroni	ADCA
	56,57	Sugar	AABA
Important Industries	71	Salt	AAB-
	71	Sulphur Mining	BDA-
	74	Building Construction	AC-A
	75	Cement	AABA
	76	Lime, Gypsum	ACDA
	77	Bricks and Allied	BCDA
	78	Glass	AHDA
	79	Ceramic	BGDA
	107	Metal Foundries	BBCC
	110	Bicycles,Motorcycles	AEEB
	118	Soda, Chlorine	BDCA
	136	Tanning Products	ABCB
	137	Compressed Gases	BCDA
	139	Synthetic Rubber	AADA
	166,167	Knitted Wear,Hosiery	BBBA
	109	Shipyards	BAAB
C.	45	Wine Making	CCBA
	59	Beer ,Malt	CADB
Industries of	71	Talc, Baryte, etc.Min.	BDB-
	72,73	Building Materiales(Min)	BBD-
Minor Importance	72,73	Materials for Industry	BCD-
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	112,	Misc. Metal Works	BBCB
	119	Electrothermic Industry	BBEB
	133	Tartaric Products	CBBA
	134	Citric Acid	BCDB
	160	Miscellaneous Textiles	CDDC
	174;175	Office Equip.Misc.	CDDB
	67, 68	Oil,Asphalt, Nat.Gases	ADB-
D.	58	Coffee Substitutes	CDDA
	103	Aircraft Industry	DADB
Unimportant	104	Armaments	DBDB
	121	Coal Tar Distill.	ABDA

IMPERIAL PRIORITY CHART

	Page 2		Rating
Industries	128	Starch, Glucose, Dextrose	CBBB
	132	Ethyl Alcohol	CCCA
	135	Essences, Extracts	BBCA
	146	Gloves	BBAB
	165	Hats	CBBB
	170,171	Miscellaneous Clothing	BBBC

Notes : Industries are defined according to "Evaluation of Italian Industries" NR 65.
Page numbers refer to the same report.
Ratings are also taken from the same report and are given only for the purpose of comparison.

Imports of some auxiliary materials

52,53	Fishing	ABBA
63,64	Solid Fuel	AAC-
82,83	Lumbering	ABBB
108	Electrical Equipment	ABCB
125,126	Soap	ABBD
131	Pharmaceuticals	ACBB
139	Electric Cables	ABBD
144,145	Shoes	ACBC
176,178	Electric Power	AA-A
187,188	Motor Transport	AC--
189,190	Telegraph, Radio	AA--
191,192	Telephones	AA--
49,50	Veg.and Fruit Packing	CABB
54,55	Fish Preserving	BACA
61,62	Tobacco	BCBA
71	Pyrites (Min.)	ABC-
105	Motor Vehicles	BBCC
117	Chemical Nitrogen	ABCB
124	Vegetable Oils	ABBD
136	Matches	BBBB
172	Printing, Publishing	ACDB
69,70	Lead and Zinc Mining	ABA-
69,70	Bauxite	AAB-
69,70	Mercury (Mining)	BBA-

ranges are also taken from the same report and are given only for the purpose of comparison.

Imports of some auxiliary materials

58,53	Fishing	ABBA
63,64	Solid Fuel	AAC-
82,83	Lumbering	ABDB
108	Electrical Equipment	ABCB
125,126	Soap	ABEB
131	Pharmaceuticals	ACDB
139	Electric Cables	ABBD
144,145	Shoes	ACDC
176,178	Electric Power	AA-A
187,188	Motor Transport	AG—
189,190	Telegraph, Radio	AA—
191,192	Telephones	AA—
49,50	Veg.and Fruit Packing	CABB
54,55	Fish Preserving	BACA
61,62	Tobacco	BCBA
71	Pyrites (Min.)	ADC-
105	Motor Vehicles	HBCC
117	Chemical Nitrogen	ABCB
124	Vegetable Oils	ABDD
138	Matches	HBBB
172	Printing, Publishing	ACDB
69,70	Lead and Zinc Mining	ABA-
69,70	Bauxite	AAE-
69,70	Mercury (Mining)	BDA-
91,92	Iron, Steel	HBCC
95,96	Lead, Zinc, Smelt.	ABBA
97	Mercury	BDAA
127	Polishes,Waxes,Varnishes	BCDD
69,70	Iron Ores Mining	HBC-
98,99	Copper, Tin,Other Mining	ABCD

Imports of raw materials and fuel

Page		Rating
149,150	Cotton Industry	BCAD
151,152	Wool	ACBC
179	Gas Plants	AB-D
180,182	State Railroads	AA--
183,184	Private Railroads	AA--
115,116	Sulphuric Acid, Fertilizer	APCD
185,186	Shipping	AA--
87,88	Paper and Allied	BCDE
142,143	Tanneries	ACBC
169	Buttons	BDBC
120	Coal Distilleries	BBDD
93,94	Aluminum	AABA
123	Organic Dyestuffs	BDBC
122	Oil Refineries	CAAD
157	Jute	BBCD
139	Rubber Products	BBBC
129	Plastics and Allied	BEBC
158,159	Artificial Textiles	BCBD
51	Chocolate Candy	DDDC
130	Explosives	DBCC

This table should be used in connection with the "Guide to Priorities of Italian Industries for the Period October 1944-September 1945".

87,88	Paper and Allied	BCDF
142,143	Tanneries	ACBC
169	Buttons	BDEC
120	Coal Distilleries	BBDD
93,94	Aluminum	AABA
123	Organic Dyestuffs	BBBC
122	Oil Refineries	CAAD
157	Jute	BBCD
139	Rubber Products	BBBC
129	Plastics and Allied	BBDC
158,159	Artificial Textiles	BCBD
51	Chocolate Candy	DBBC
130	Explosives	BBCC

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Notes to the Priority Chart

39,40 Grain Milling (A1) Its importance is obvious. In Southern Italy damage to wheat mills obliged the shipment of flour from U.S.A. Early attention, close supervision and supply of minor items such as belting, cloth for screening equipment and some repair parts for grain elevators is recommended.

41 Baking (A1) Bread-making is generally subdivided in small units. Strict control is recommended in order to avoid waste and maldistribution.

42 Macaroni (B1) This typical Italian industry will operate, if at all, at a very low rate, due to the shortage of wheat, most of which will be distributed in the form of bread or flour to be baked at home.

43,44 Olive Oil (A1) The shortage of fats indicates a maximum use of all available olive oil. Pressing mills and refineries have to be controlled, necessary materials (solvents, caustic soda) have to be provided, as well as transportation of the olives. Residues will go to the soap industry. If olives and raw olive oil from other Mediterranean countries are available, some export of refined oil may be expected.

45 Wine Making (C1) This typical and leading Italian activity will not resume full activity during the period under consideration as a consequence of the shortage of transport facilities and of containers and because of the disruption of continental export markets. Moreover insecticides and fungicides will be scarce.

46 Dairy Products (A1) There will be a serious milk shortage, hence a strict control of its use is recommended. The total capacity of the cheese making plants will far exceed the available supplies.

47-48 Meat and Meat Processing (A1) A severe shortage of meat products is expected. Strict control over slaughtering will have to be maintained. However, meat processing (salami) and canning will probably be of little importance in view of the general scarcity of pork, the meat most widely used in the processing industry.

49-50 Fruit and Vegetable Packing (B2) This industry should be encouraged because it extends the usefulness of Italy's large vegetable crop. Tomato products are by far the most important for the domestic as well as for the export market. The packing industry will need tinplate, which has been in short supply for several years, spare parts for packing equipment and possibly new equipment if products are to be exported. In view of the high nutritive value of tomato products, they may be used for relief food in nearby areas. Allied troops will also need them in large amounts.

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51 Chocolate and Candy (D3) These are luxury items, and as such have the lowest priority. Furthermore, sugar will be scarce and cocoa not available. Unauthorized production should be prevented.

52-53 Fishing (A2) Every fishing activity in the open sea as well as in rivers, canals, lakes, ponds or marshes should be encouraged so as to increase the amount of proteins available

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to the Italian population. In Southern Italy all restrictions on high sea fishing were lifted as soon as possible. Wire rope, sail cloth, paint for boats, thread for nets are being imported, and the same policy has to be applied to Central and Northern Italy. Transportation should be provided, wherever possible, for the shipment of food inland. Atlantic fishing should be allowed to Italian boats as soon as possible.

54,55 Fish preserving (B2) Some well organized canneries may be helped, but this industry is comparatively unimportant. Dried fish was important in the Italian diet, and some codfish was imported for drying in Italy.

56,57 Sugar (B1) The policy in regard to this industry is controversial. In Southern Italy it was decided not to rehabilitate the sugar factories because of their large requirements of imported coal. It was decided to import all the needed sugar, of which large supplies are at present available. The same policy will hardly be possible in Northern Italy where most of the sugar factories are located. If these facilities are found in good condition, and enough of the best crop is available, most of the plants should be activated, especially if they are equipped to use domestic coal. In the long run it may prove advisable to reduce domestic sugar production and allocate the land to other crops.

58 Coffee Substitutes (B1) Coffee, available in large amounts in Brazil, should be imported as soon as possible. The coffee substitute industry will shrink to its prewar size.

59 Beer and Malt (C1) Some beer is being manufactured for the Allied forces in Naples, and the necessary material (malt) is being imported. The much larger capacity in Northern Italy will not be reactivated for the civilian population, and it is not expected that Allied forces will need large amounts of beer in the period under consideration.

60 Ice and Cold Storage (A1) The small existing capacity will have to be fully utilized so as to minimize spoilage of perishable foods (especially fruits and vegetables). The Allied authorities and the relief organization will probably use large portions of the available storage space. Shipments of perishable commodities (such as oranges) may be resumed.

61-62 Tobacco (B2) This industry is important for psychological reasons and being a state monopoly it represents one of the important sources of income for the Italian Government. In Southern Italy this industry is being assisted by the Allied authorities, and import of cigarette paper has been requested. While possibly some of the cigarette paper making plants may escape damage, it is expected that some cigarette paper, and perhaps some repair parts may be needed in order to continue production in the tobacco factories in Central and Northern Italy.

63,64 Solid Fuels Mining (A2) The highest priority was given by the Military authorities to the rehabilitation of the Sardinian

the sugar factories because of their large requirements of imported coal. It was decided to import all the needed sugar, of which large supplies are at present available. The same policy will hardly be possible in Northern Italy where most of the sugar factories are located. If these facilities are found in good condition, and enough of the beet crop is available, most of the plants should be activated, especially if they are equipped to use domestic coal. In the long run it may prove advisable to reduce domestic sugar production and allocate the land to other crops.

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63,64 Solid Fuels Mining (A2) The highest priority was given by the Military authorities to the rehabilitation of the Sardinian coal mines, and the same policy should be adopted for the Arsa coal mines. On the other hand, the operation of some of the wartime lignite mines may be discontinued if materials and parts therefrom are needed elsewhere. Use of domestic coal and domestic lignites should be encouraged and even imposed in some cases, as long as world-wide shortages of coal and shipping prevail. In the long run most autarchic coal enterprises will have to be liquidated.

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67-68 Oil, Asphalt and Natural Gas (C1) Some asphalt may be

needed for road repairing, and limited production may be encouraged. Existing oil wells may be exploited but past experience hardly warrants new drilling. Use of methane gas for motor vehicles may be continued as long as a regular supply of gasoline is not assured.

69-70 Iron Ores Mining (D2) The only iron ore deposit which has value is the one on the island of Elba and some mining may take place there if the iron works still exist. The other iron mines probably will not be exploited because coal will not be available for the operation of the iron works. (Possible exception Cogne, if enough electric power is available.)

69-70 Lead and Zinc Mining (C2) The rehabilitation of these mines will substantially contribute to the economic revival of the country and zinc concentrate could be exported. The Sardinian mines are being reactivated, and a similar policy is expected to be adopted as to the other mines in Northern Italy.

69-70 Bauxite (C2) Large amounts of good bauxite are available in Southern Italy and in the Istrian Peninsula. Its export was prevented by technical difficulties and by an improved supply situation in U.S.A. The reactivation of these mines, as well as of the larger mines in Istria, is conditioned on the possibility of operating the Italian aluminum plants, and on the possibility of exporting bauxite to U.K. and U.S. as return ballast and to Northern countries, (Norway), which depend largely on imported ore. France will also have a large exportable surplus.

69-70 Mercury (Mining) (C2) Italy ranks second among world mercury producers. Large stockpiles and reduced consumption may make any sizeable export difficult. The interest of reducing the deficit of the Italian trade balance may suggest some export from Italy to U.S.S.R., U.S. and U.K.

71 Sulphur Mining and Refining (B1) Early attention was given to the Sicilian production by the Allied authorities but the actual shipments of essential supplies has been delayed. Larger amounts of sulphur will be needed in U.K. and in the other European countries, but full production is not expected to be needed.

71 Pyrities Mining (B2) This commodity has great importance inthe manufacture of sulphuric acid and hence of fertilizers. Its mining should be promoted and mining equipment, if needed, should be provided.

71 Talc, Barytes, etc. Mining (C1) The many mining activities under this heading have varying priority ratings. Some materials such as talc, steatite and baryte may be exported. A moderate amount of assistance may be given.

(Fertilizers.)

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71 **Salt** (B1) Salt will be needed for human consumption and for industrial purposes in Italy, and the surplus will be available for export. Full production will not be needed before the various chemical industries are again in full swing.

72-73 **Building Materials Mining** (C1) The limited activity of the building industry, concentrated mostly on repair works, will not call for an extensive activity in this field, (which includes also marble quarrying). 1766

72 **Materials for Industry** (C1) The limited degree of overall industrials activity does not require much activity on the part

of the industrial enterprises included in this group. However, large amounts of pumice may be exported to U.S. and U.K., and some steps in this direction have already been taken by the Allied authorities.

74 Building and Construction Industries (B1) The tremendous extension of war damages suffered by Italian cities, utilities, ports, roads and industries will necessarily call for great activity in the construction field. The period considered in this paper will see only the beginning of it because too many factors will have to be clarified before reconstruction work can develop in full. Early attention and encouragement by the Allied authorities and by the Italian government, along with careful planning will greatly help this outstanding source of employment and powerful aid to economic revival. A coordinating center of all building activities will have to be established.

75 Cement (B1) In Southern Italy, even during the Military period, this industry is being encouraged. In Central and Northern Italy cement will be needed in large amounts for the urgent repair of roads, railroads and port facilities. Some cement may be available for export, if needed in surrounding areas and if enough coal is made available.

76 Lime and Gypsum (B1) This industry is less important than the cement industry for military purposes and for the repair of utilities and roads, but it is essential for cheap housing. The production capacity is divided into many small plants which are simple and will probably need only minor repairs.

77 Bricks and Allied (B1) See Above.

78 Glass (B1) Window glass will be in demand in consequence of bombing damage. This was true to a lesser extent in Southern Italy due to the mild climate. Containers will be needed in large quantities. Some export of window glass may be possible if the large plants are intact.

79 Ceramic (B1) Products such as electric insulators, sewer piping and abrasives are essential for industrial and urban rehabilitation. Domestic and sanitary ceramics will also be in large demand.

82-83 Lumbering (A2) Lumber has the highest priority in any rehabilitation work. In Southern Italy Allied authorities are assisting the lumbering industry with imported supplies (especially saws and wire rope). In Central, and especially in Northern Italy, the same necessity will exist. Lumber will, however, be scarce, and pit props, railroad ties and other types of lumber will have to be imported from nearby regions. Firewood and charcoal will be used for domestic cooking and heating not only on the farms, but in many cities if gas plants are damaged or are operating at a reduced rate because of coal shortage.

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84 Furniture and Woodwork (C1) This group of industries follows the general trend of the building and construction activities. Shortage of lumber will be the determining factor.

85 Cork and Wood Waste (C1) The manufacture of some light building materials may be necessary for emergency housing.

86 Cellulose and Woodpulp (C1) The production of cellulose to meet domestic needs should be encouraged so as to reduce Italy's import requirements. Domestic production should be

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relied on only for paper making because the rayon industry probably will not operate during this period. Woodpulp making deserves moderate attention so as to revive the paper industry.

87,88 Paper and Allied Industries 1/ (B3) A certain amount of newsprint has a very high priority even during the initial months of the military period. Paper for books (especially textbooks) for bags (cement bags) and for cigarettes will also be needed in large amounts, but raw materials such as cellulose and rags will have to be imported if any substantial level of production is achieved. Only essential needs can be satisfied; and for these only a portion of the total capacity will be needed so that "cannibalisation" should help in putting damaged plants back to work.

91-92 Iron and Steel (C2) This industry was based in the past on the large use of domestic and imported steel scrap. During the Fascist period domestic production of low grade ores was developed for political reasons. It is expected that during the period considered, and probably also in the long run, Italian steel industry will again rely chiefly on electric pig derived from pyrite slags, on pig iron from Elba mines (supplemented later by small amounts of Spanish and North African ore) and on electric steel, manufactured starting from scrap. Large amounts of coke (from imported coal) will be needed but plenty of scrap will be available everywhere in Italy.

93-94 Aluminum (C3) It is unlikely that enough electric power will be available to restore this industry to large scale production. Aluminum scrap and left-overs of war production will supply some material to processing plants. But, since the Italian aluminum industry is modern and well balanced, necessary assistance should be given in order to prepare for a resumption of activity as soon as electric power is again available. There will be, moreover, a serious shortage of petroleum cokes (or pitch cokes) which will hamper the production of electrodes.

95-96 Lead and Zinc Smelt (C2) Similar considerations are applicable to the lead and zinc industry. However, Sardinian smelters should be operated at the earliest opportunity because they are not competitive with other more essential activities, and they will provide essential metals for reconstruction work.

97 Mercury (C2) (See 69 Mercury lining)

98-99 Copper, Tin, Antimony, Nickel (D2) Most of these mining activities were started during the Fascist autarchic drive and should be stopped altogether.

103 Aircraft Industry (D1) While technically well developed this industry never reached actual mass production level. A complete rearrangement toward peacetime production will have to be initiated and most facilities will be used either for simple repair work or for the manufacture of equipment having a high degree of urgency (transportation, agriculture).

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104 Armaments (D1) Arms factories and arsenals will be diverted to peacetime production especially to the rehabilitation of devastated facilities.

105 Motor Vehicles (B2) The manufacture of trucks and cars, and the rehabilitation of transportation equipment abandoned by

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1/ In RR 65 the coal consumption was indicated as not very important. This statement is not exact. The coal consumption of the paper mills is relatively large.

the armies all over the country should be promoted as soon as possible. Some auxiliary materials such as rubber, varnishes, special steel, electric equipment and batteries may have to be imported. In spite of the high quality of its production, the size of this industry, if compared with American standards, was always very small.

106 Railroad Equipment (A1) The rate of destruction and wear of Italian locomotives and rolling stock has been terrific, and an immediate start of rehabilitation is essential. Through sub-contracting and "cannibalization" all the mechanical industries will be called upon to increase the production and repair capacity of railroad equipment. A special problem will be the reconditioning of the Electric Railway network so as to reduce the dependency on imported coal.

107 Metal Foundries (b1) Service industry to the other mechanical industries.

108 Electrical Equipment (A2) Highest priority has to be given to the repair and production of electric equipment because experience, in Southern Italy and elsewhere, shows that electric plants are preferred targets of German demolition. Equipment, parts and materials (copper, rubber, mica) will have to be partially imported in order to speed up rehabilitation. Some transportable generating equipment may be needed for the supply of electric power to essential uses.

109 Shipyards (b1) Repairs of war damaged ships is to be considered essential activity. The same is to be said for fishing boats. The construction of new ships is not expected, so that in spite of expected extensive war damages some capacity may be available to supplement the work of other mechanical industries.

110 Bicycles and Motorcycles (B1) The manufacture of bicycles should be resumed because they are essential for industrial and agricultural workers commuting to and from work.

111 Agricultural and Industrial Machinery (A1) Every effort should be made to get Italian mechanical industries to carry most of the rehabilitation burden, and to reduce the need of imports. Assistance should be given in every possible form, and strict control should be established over the output so as to prevent a black market of parts and equipment.

112 Miscellaneous Metal Works (C1) This is a bread group, including diversified activities, some of them such as the manufacture of pumps and boilers have a high priority.

113-114 Chemical Industries (Miscellaneous) (C1) It is obviously impossible to give an overall rating to this group which includes all chemical industries not specifically considered hereafter. Some products are absolutely essential in small quantities, and their manufacture should be promoted. Most of these industries are "services" to other industries and should be rated accordingly.

industries.

108 Electrical Equipment (A2) Highest priority has to be given to the repair and production of electric equipment because experience, in Southern Italy and elsewhere, shows that electric plants are preferred targets of German demolition. Equipment, parts and materials (copper, rubber, mica) will have to be partially imported in order to speed up rehabilitation. Some transportable generating equipment may be needed for the supply of electric power to essential uses.

109 Shipyards (b1) Repairs of war damaged ships is to be considered essential activity. The same is to be said for fishing boats. The construction of new ships is not expected, so that in spite of expected extensive war damages some capacity may be available to supplement the work of other mechanical industries.

110 Bicycles and Motorcycles (B1) The manufacture of bicycles should be resumed because they are essential for industrial and agricultural workers commuting to and from work.

111 Agricultural and Industrial Machinery (A1) Every effort should be made to get Italian mechanical industries to carry most of the rehabilitation burden, and to reduce the need of imports. Assistance should be given in every possible form, and strict control should be established over the output so as to prevent a black market of parts and equipment.

112 Miscellaneous Metal Works (C1) This is a broad group, including diversified activities, some of them such as the manufacture of pumps and boilers have a high priority.

113-114 Chemical Industries (Miscellaneous) (C1) It is obviously impossible to give an overall rating to this group which includes all chemical industries not specifically considered hereafter. Some products are absolutely essential in small quantities, and their manufacture should be promoted. Most of these industries are "services" to other industries and should be rated accordingly.

115-116 Sulphuric Acid and Allied Products (A3) Allied authorites in Southern Italy gave first attention to plants manufacturing fertilisers. Extensive "cannibalization" was carried out in order to get the most out of the remaining equipment. The same policy will be adopted in the remaining area, but some equipment, parts and materials will have to be provided through imports. Phosphate rock will be procured from North Africa; necessary arrangements to this effect are being made. Transportation will present a serious problem. The manufacture of

copper sulphate may require the import of some copper scrap.

117 Chemical Nitrogen (B2) In Southern Italy the destruction of the Bagnoli fertiliser plant and the serious damage to the Crotone plant, coupled with the shortage of electric power, made it impossible to rehabilitate this essential production. It is therefore recommended that every reasonable effort be concentrated on rehabilitation of the plants located in Central and Northern Italy. All sorts of problems will have to be solved, such as shortage of coking coal for the coke ries on which some large nitrogen plants are dependent, and, on the other hand, shortage of electric power. If needed and not otherwise procurable, parts and materials should be imported so as to avoid the necessity of importing nitrogen fertiliser from overseas.

118 Soda Chlorine and Allied Industries (B1) Caustic soda is so essential for the manufacture of soap and the treatment of olive oil that sizeable amounts of it had to be imported into Southern Italy owing to the destruction of the few existing plants. In central, and especially in Northern Italy, there was a large capacity which should satisfy the most essential needs, also in view of the reduction of the manufacture of artificial fibers. Soda ash was produced only in two large plants, one near Livorno and the other near Trieste. Some productive capacity should be restored because soda ash is needed in the manufacture of essential commodities (soap, glass, etc.).

119 Electrothermic Industries (C1) Some clacium carbide for miners' lamps and for cutting and welding is essential. Ferro-alloys will be needed in small amounts. Altogether most plants may be run at a fraction of their capacity, and most carbide should be transformed in calciumcyanide.

120 Coal Distillation and Allied Industries (C3) The total dependency on imported coking coal makes the position of this industry practically desperate. Some modern plants connected with the manufacture of glass may be rehabilitated.

121 Coal Tar Distillation (D1) Unimportant - to be operated only to the limited extent of the domestic supplies of raw tar.

122 Oil Refineries (C3) If crude oil will be available from the Near East oil fields, some plants may be reactivated thus reducing the shipment of finished products from overseas refineries.

123 Organic Dyestuffs (C3) Some dyes are to be considered as essential, but the rehabilitation of the industry as a whole may be delayed to a later stage. Moreover several basic materials, such as coal tar darvatives, have to be imported. In the long run this industry has great interest for the Italian economy.

124 Vegetable Oils (B2) If oil seeds and raw oils could be im-

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124 Vegetable Oils (B2) If oil seeds and raw oils could be imported the reactivation of this industry should be promoted so as to free olive oil for export and allow the operation of allied industries such as soap and varnishes.

125-126 Soap and Allied (A2) In Southern Italy this industry is being rehabilitated by the Military authorities. The same policy should prevail in the other Italian areas after liberation. Some soap could be manufactured for use in surrounding countries. Imported rosin and oils should be made available because there will be a serious deficit in the Italian fat balance.

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127 Polishes, Wames, Varnishes (C2) Some varnishes are essential (boats, metal structures) and if unavailable from domestic production, they have to be imported. The manufacture of all these products has been curtailed for years and the same general restrictions will be maintained during the period under consideration. Some wax, oils (flaxseed oil) and turpentine will have to be imported.

128 Starch, Glucose, Dextrins (D1) Shortage of grains and potatoes for human consumption will prevent the rehabilitation of this industry.

129 Plastics and Allied (C3) Scarcity of raw materials such as phenols, camphor and rubber will impose a reduced rate of activity. Some products derived from calcium carbide may be manufactured, after more essential uses of this product are satisfied.

130 Explosives (D3) Only a small production, which would cover the needs of mines, quarries and construction work, should be permitted. Most facilities should be used for "cannibalisation" purposes.

131 Pharmaceuticals (A2) This industry, which was well developed and practically covered the total of Italy's requirements, should be speedily rehabilitated. Nearby areas used Italian medicines and could use them in the future. Some initial equipment and material may have to come from abroad.

132 Ethyl Alcohol (D1) Some alcohol from grapes may be still produced, but no materials fit for human or animal consumption should be diverted to the manufacture of industrial alcohol.

133 Tartaric Products (C1) In Southern Italy wartime demand prompted the interest of the Allied military authorities in these products. U.S. and U.K. are expected to continue to import tartaric products from Italy. If plants are destroyed, only unprocessed argols will be exported.

134 Citric Products (C1) These products are being exported from Sicily at present, and the same will continue during the period considered in this paper.

135 Essences, Extracts, Perfumes (D1) Most products are classified as luxury items. The possibility of exports should not be overlooked. Some citrus extracts are being exported from Sicily.

136 Tanning Products (B1) Production should be promoted up to the level required by domestic tanneries. Imports of tanning products (quebracho) should be limited to the few essential cases. Some export of chestnut extract may be possible.

137 Compressed Gas (B1) In Southern Italy compressed gas plants have a high priority rating during the military period because of the need of oxygen in metal cutting and repair work. The situation may become less tight in Northern areas where

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138 Matches (B2) In Southern Italy matches are manufactured for the Allied armed forces and for the civilian population. Some materials (paperboard and phospher compound) are being imported. Also in the other Italian areas production for export may be promoted.

139 Rubber (C3) The scarcity of natural rubber will probably prevent any large scale operation of this industry which would be

useful in providing tires for Italian (and European) motorcars and the many rubber gadgets needed in industrial construction and operations.

139 Synthetic Rubber (B1) In view of the shortage of natural rubber, synthetic rubber plants could be operated, but it is likely that they will be, or will have been, either destroyed or removed by the German authorities.

140-143 Tanneries (B3) Domestic production of raw hides and skins was always insufficient. The situation became worse in wartime, and is further deteriorating under German domination. Imports of hides and skins will, therefore, have high priority, though tanneries will operate at only a moderate rate of activity.

Strict control will have to be exercised over the domestic production following the policy adopted by the Allied authorities in Southern Italy.

144-145 Shoes and Allied (A2) Shortage of shoes is one of the most striking features of the Italian situation, after the shortage of food, coal, clothing and transportation. Allied authorities in Southern Italy are taking measures to promote the manufacture and repair of shoes. Soles and heels, nails and needles for shoe machinery are being imported. This policy will have to be expanded in Central and Northern Italy so as to minimize the need of importing large quantities of shoes. The shortage of heavy work shoes is especially serious.

146 Gloves (D1) A "luxury" industry interesting only if an export trade can be reestablished.

149-150 Cotton Industry (A3) This is the most important Italian textile industry and the one to which much attention must be given. Cut from its sources of supply by Fascist autarchy drive and by war, this industry had to rely mostly on domestically produced substitutes (staple fibers). During the war the clothing situation became desperate and the poorer classes are in urgent need of cheap textiles. Raw cotton should be imported at the earliest opportunity and cotton mills should be reactivated. This policy is being adopted by the Allied authorities in Southern Italy, but more active assistance will be needed in Northern Italy where most of the cotton mills are located. Some spare parts may have to be imported, but since the total capacity was well above domestic requirements, "cannibalization" should be able to supply most of the needed parts for the initial period. If extra raw cotton is supplied, cotton textiles may be exported.

151-152 Wool (A3) Domestic production of raw wool is practically negligible and wool of any sort, even reprised wool, has been unavailable to civilians for many years. The climate in many Italian regions (Central and Northern) is cool so that some wool garments are badly needed. Small amounts of raw wool should be imported and accordingly woolen mills should be rehabilitated. One of the three manufacturing centers, the one at Prato (Tuscany) is located on the next expected Nazi defense

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153-154 Silk (A1) ~~This traditional Italian industry has special~~ importance as long as Japanese production is not available. Allied authorities in Southern Italy gave high priority to the reactivation of silk production as silk has important war uses. It is expected that the same interest will prevail during the period considered in this paper.

155-156 Hemp and Flax (A1) Hemp is a critical war material for the Allies. The Italian production in Southern Italy is being assisted and promoted by the Allied authorities. A more aggressive policy of assistance will be followed in Northern Italy where most of the production takes place.

157 Jute (C3) Depending on imported jute, but some domestic substitutes are being used. The manufacture of bags has great importance and should be resumed if the jute situation becomes less tight.

158-159 Artificial Textiles (C3) This industry flourished well above the domestic requirements and a lively export trade existed before the war. Its dependency on imported cellulose, its large coal requirements, its extensive use of electric power and of various chemicals make the rehabilitation of this industry a post-emergency proposition.

160 Miscellaneous Textiles Industries (C1) Aggregate of industries having a varying rate of priority, e.g. fishing nets, are very essential. Carpets are luxury items.

165 Hats (D1) Unimportant for the domestic market but could be reactivated for the export trade.

166-167 Knitted Wear, Hosiery (D1) Up to a certain level the operation is essential and should be promoted so as to reduce the need of imported goods. Yarn from domestic production will be available only after the rehabilitation of primary textile plants so that some yarn may have to be imported.

168 Clothing (A1) A high priority is given here only to indicate the urgent need of solving the clothing shortage. The clothing industry as such has little importance in Italy as most clothes are either home-made or made in small tailor-shops. Cotton and some wool textiles will have to be supplied from abroad until domestic production will be able to supply them.

169 Buttons (D3) Accessory of the clothing trade. Corozo and dum palm seeds will have to be imported. Some export may be possible.

170-171 Miscellaneous Accessories of Clothing and Allied Products (D1) Most products are within the luxury class, but brooms and brushes have either to be manufactured or imported. The production of many items of the artisan type should be encouraged as long as no imports are needed provided they give employment to otherwise idle artisans and provided the output finds a market either among Allied soldiers or for export.

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160 Miscellaneous Textiles Industries (C4) Aggregate of industries having a varying rate of priority, e.g. fishing nets, are very essential. Carpets are luxury items.

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166-167 Knitted Wear, Hosiery (B4) Up to a certain level the operation is essential and should be promoted so as to reduce the need of imported goods. Yarn from domestic production will be available only after the rehabilitation of primary textile plants so that some yarn may have to be imported.

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172 Printing and Publishing (B2) Printing of newspapers and textbooks has a high priority in psychological warfare. Paper and spare parts have been requested by the military authorities in Southern Italy. Printing of newspapers and books is a part of the political rehabilitation of the country.

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174-175 Office Equipment, Musical Instruments and Other Sewn Industries (C4) As long as their operation does not require imported materials every reasonable help should be extended to some of these industries, especially if the export trade may be restored.

176-178 Electric Power (A2) Top priority should be assigned to this industry which will come out of the war badly damaged. Not only industry but also railroads depend on electric power. The entire country may be paralysed if the power network is not promptly reestablished. If electrochemical and electrometallurgical industries are sharply curtailed, enough generating capacity should be left to satisfy the most urgent needs.

179 Gas Plants (A3) In spite of the total dependency on foreign coal (Italian coal is not of the coking type) gas plants have to be operated, although at a minimum level. This is the current practice in Southern Italy, and the necessity of having some gas available for household use will be felt even more in the cities of Northern Italy.

180-182 State Railroads (A3)

183-184 Private Railroads (A3) Top priority. Imported coal has to be supplied. If electric railroads cannot be used, steam locomotives may have to be provided (from Germany?).

185-186 Shipping (A3) The Italian merchant marine is expected to be practically non-existent after sinkings due to war action, bombing and scuttling in ports in oder to escape German capture. What is left will have to be used up to the limit so as to reduce the dependence on foreign ships for carrying supplies to Italy. Bunker coal and oil have to be imported. (Some boats may use also Arsa and Sardinia coal.)

187-188 Motor Transport (A2) Essential activity for the movement of supplies. Pending the reactivation of domestic production of motor vehicles, Army trucks and Army cars should be made available for essential transportation under strict Allied supervision.

189-190 Telegraph, Radio and Cable (A2)

191-192 Telephone (A2) Reactivation of these services, up to a minimum level, will take place during the military period. Equipment may have to be imported if damages are too extensive (Naples telephone central).

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