

U.S. CONTROL ONLY

SECRET

radios

COUNTER INTELLIGENCE CORPS
MILAN DETACHMENT, ZONE 3
APO 512, U.S. ARMY

Ref.No. 291-1

19 October 1946

SUMMARY OF INFORMATION.-

SUBJECT: Italo-British conversations on Commercial Problems.

The following information has been received from a reliable confidential source (evaluation A-1):

1. Mr. H.A. MARQUARD, the British Undersecretary of Commerce has been in Rome since the first days of the month of October.

2. He met in three different days the Italian Minister of Foreign Commerce, Mr. CAMPILLI, on the fundamental problem of whether Italy should continue in its present function of manufacturing raw materials coming from the British Empire or if it should be excluded.

3. The situation is as follows:

Italy would like to put an end to the system of manufacturing raw materials (especially cotton) for other countries. The main motive is that only a small amount of foreign gold is gained from the re-exportation of the finished product, while it is very difficult to control the importation of foreign currency. It is suspected that some Italian industries, through such a system, are exporting a sizable amount of their capital abroad, to avoid the taxes that will soon be imposed upon them.

On the other hand, Great Britain would like to see the system perpetuated.

The Italian industries, especially textile industries, are working full blast, in the limit of their possibilities, but the net gain derived from the exportation is barely above wage and production costs, while at the same time the rate of exchange of the British pound decreased from 2200 to 1930. It is understood that the Italian industries are therefore in favor of the Government attitude on the subject.

Campilli and his officials believe that this is the right time to go back to the old system of temporary importation, which gave good results in the past. Orders and dispositions on the subject cannot be issued, however, unless the British agree with the Italian Foreign Commerce Minister.

It is understood that Mr. MARQUARD insisted that the present set-up be maintained, and added that the British Empire is willing to extend this project, by delivering greater quantities of raw materials to other Italian industries. He mentioned that wool

could very easily be included in the list of raw materials to be imported by Italy for manufacture. Marquard stressed the political advantages that Italy would get from a closer collaboration with the British capital.

If Mr. Marquard's proposals will be accepted (and it is hard to see how they could not be), England will pledge itself to integrate the plan of exportation of coal to Italy and to grant the minimum needed by the industries concerned.

The above justifies the contradictory news received from Rome on an alleged and subsequently denied radical change in the exportation system of Italy.

Nicholas A. NATSIOS,
Special Agent, CIC.

H.V. Martini-VAN RICHTHOFEN,
Special Agent, CIC.

APPROVED:

M.A. TONINI,
Major, MI,
Supervising Agent

DISTRIBUTION:

CIC, AFHQ....2
CIC, Zone 5..1
SCI (a).....1
FILE.....2