

148505

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

Ref.No. 292-1

21 October 1946

SUMMARY OF INFORMATION.-

SUBJECT; Commercial Agreements between Fiat and Kaiser-Frazer.

1. The rumors that have been circulating about a commercial agreement between the Fiat and Kaiser-Frazer, have been denied in regard to a possible sale of the majority of the Stocks and Bonds of the Fiat to the American concern. It has been confirmed however that an agreement has been reached in the field of a so-called joint economy.

2. VALLETTA and CAMMARANA believed that the Fiat and Marelli were unable to avoid the strong influence of the American capital. For some time they had been looking for the possibility of concluding an agreement that would leave its independency to both concerns and at the same time ensure the proper means to put them back into normal production.

3. The occasion for such an approach came last August when the Henry KAISER group established contact with the SIMCA (Fiat - France), proposing a commercial combination for the exportation to the United States of European cars.

4. The SIMCA was not in a position to meet such a request, because its factories can hardly satisfy the continuous request of the French market, and therefore acted as a liaison office between the Fiat-Torino and the American industrialists. VALLETTA and CAMMARANA decided to take up the whole matter and discuss it with the American industrialists. An agreement was finally reached on 7 October 1946.

5. The basis of the agreement was that the American market needs small, economical cars, that do not waste too much gas. The American industry is not in a position to produce a large number of such cars, because it is planning already to produce exclusively the usual type of cars (3000 c.c. and above).

6. A commercial company has therefore been founded for the exportation of Fiat cars to the South American market. The needed capital has been obtained half from the American concern and half from the Fiat. The agreement establishes that the Fiat-Kaiser-Frazer will export exclusively "1100" Fiat cars, built in the Turin factories.

7. Chassis and motors (1100 c.c.) 4 cylinders) will be built by the Fiat. Kaiser-Frazer will make the bodies, exploiting a recent industrial patent for the construction of plastic material bodies with a very high grade of resistance. Tires and accessories will also be provided by the Kaiser-Frazer.

8. The American industrialists will furnish coal, steel, iron alloys and wood to the Fiat.

9. The Kaiser-Frazer representatives initially wanted a total of 100,000 cars (1945-1947), but the Fiat representatives finally reduced it to a flat 35,000 - 40,000 per year, unless production can be stepped up during the following years.

10. Selling price of the car, delivered to the customer, will ^{not} be above 1000 dollars. It is believed that it will probably be 940 dollars.

11. Other details are still being discussed. The news have been received in Northern Italy industrial circles with favorable comments, although it appears certain that the Fiat will lose some of its commercial initiative.

12. Agnelli had shown a tendency to resist to this financial pressure coming from the America market, but Valletta, who does not seem to be very fond of "beaux gestes" with a nationalistic tinge, finally succeeded in concluding the agreement.

13. It is generally believed here that this agreement will give the Fiat a chance to live and produce, and that, in the long run, the agreement itself will prove to have been very good for the economy of the country and particularly of this zone.

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(z).....1
FILE.....2