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SUMMARY OF INFORMATION.-

SUBJECT: Italian Industry - Fundamental Data on Industrial Production up to the end of September 1946.

The Italian Prime Minister DE GASPERI recently stated that the rate of production of the Italian Industry, compared with 1939 (100) had decreased to 6 per cent during the first few months following the liberation of the country - that it slowly went up 10 per cent and subsequently 15 per cent during the first three months of 1946 - and that to-day it has gone up to a maximum of 70 per cent. The following data will better illustrate the general situation:

1. ELECTRICAL INDUSTRY.- From data gathered from the records of the "Associazione fra le Imprese Distributrici di Energia Elettrica" (Milan), around which are concentrated about 90 per cent of the ELECTRICAL Industries now operating in Italy, it appears that during the first months of 1946 the production had been 9.8 billion KWH. Production was 6.7 billion KWH during the same period in 1945. It was about 17.4 billions KWH in 1942 and 11.3 billions KWH in 1945.

2. TEXTILES.- The normal production in 1938 was about 10.402 tons per month. During the first semester of 1946 the total production was 10.360 tons per semester, or one sixth of the normal production (about 16 per cent less). The total production for this semester has been as follows: Rayon 6559 tons - Textiles 3004 tons - Nylon 22 tons - Various 745 tons. During the month of June, however, the total production has been of 3382 tons, or 10 times above the minimum of 305 tons per month, that was the monthly average for the year 1944.

3. AUTOMOTOR INDUSTRY.- The production program tentatively scheduled for 1946 will not be completed. The production of 18.000 cars - 18.000 light trucks - 18000 heavy trucks - 16.000 motorcycle trucks - 20.000 cars and trucks of makes different than those named above and a few thousands of trailers for trucks (a total of 69.000 vehicles, or 100 per cent of the pre-war production) had been contemplated. The average monthly production should have reached 1500 cars and 4200 other vehicles of other types per month.

The maximum output was noted during January 1946 with a total production of 711 cars and 1808 other vehicles. During the first week of September the production was only about 35 per cent of what had been scheduled for cars and 23 per cent for other types of vehicles.

The initial program has failed due to an absolute lack

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of raw materials and the highly irregular arrival of supplies of coal. The exportation program has also failed, especially as far as the FIAT is concerned. AS a direct result prices of vehicles in general have gone up around 25 to 30 per cent in comparison to the minimum prices of Spring 1946.

4. PAPER INDUSTRY.- The present production quota is about 40 per cent of pre-war total. A rebirth of this important Italian industry has been made particularly difficult by the lack of cellulose. An importation program had been established during the first months of 1946, for a total of 15.000 tons from Sweden and 15.000 tons from Czecho-Slovakia, besides 5.000 tons of wood pulp from Norway.

The production cost of the Italian industry is maintaining its equilibrium in comparison with other foreign industries of the same kind. Important exportation agreements have been concluded with Argentine, Brazil and China. A definite rebirth of this industry depends exclusively from coal and cellulose supplies.

5. HEAVY INDUSTRY.- The only data available as of September 1946, are those for the first four months of the current year. Taking 1938 as a normal year, the following data can be usefully compared:

1938 (January-April)	Steel...	237.467 tons	100 per cent
1946 (January-April)	"	59.000 " "	25 per cent
Difference.....		178.467 "	75 per cent

During the most critical year however (1945) the production was only of 27.501 tons, which shows that the production has been doubled in respect to 1946.

The production of the group FINSIDER, controlling 75 per cent of the steel production, has been of 4000 tons per month against the 71.901 tons produced in 1938. In this particular case the situation appears extremely serious, because during the most critical year (1944) the output never went under 19.402 tons per month.

6. CONCRETE INDUSTRY.- The damages suffered by the group "ITALCEMENTI" have been eliminated practically everywhere and the available machinery has been somewhat improved. In spite of the loss of the factories in Istria and Dalmatia, the present production is still above the pre-war maximum. The only difficulties met in this line are, as usual, the lack and cost of fuel.

7. CANNED FOODS.- The Arrigoni-Ampelea-Mazzola factories in Istria, covering about 20 per cent of the total production have been lost to Jugoslavia. A full production is hindered by the great scarcity of tin, but the general situation is good and it is hoped that it will become still better. The lack of sugar will be partially eliminated through UNRRA channels, since it is understood that Italian Canning Factories will soon receive important supplies of this much needed item from this source. 12.600 tons of tin bands and 6.000 tons of tin plates will soon be assigned to this industry, allowing it to produce about 325.000 tons of canned foods, some of

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which may eventually be exported to France, England, Belgium and possibly the United States.

8. MATCHES INDUSTRY.- This industry has not been damaged by the war, and, after its machinery has been remarkably improved, it can be said that the total production is above pre-war maximums. The normal needs of the country have decreased 20 per cent (70 billionx matches were normally needed by Italy). 4/5 of the total production are still being controlled by the "SAFFA". There are now raw materials problems to speak of and the number of workers has increased about 19 per cent. Exportation programs are rather promising, especially toward France, Egypt. The internal consumption has been saturated and the black market has completely ceased.

CONCLUSIONS.- A total evaluation is impossible and Minister DE GASPERI has made unwarranted statements. Actually, the total capacity of the Italian industry ought to be around 45-50 per cent of its pre-war efficiency. The general, trend, however, is towards an increased production and a maximum level of 70-80 per cent should be reached by the coming Spring of 1947.

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