

Copy.

EMBASSY OF THE UNITED STATES OF AMERICA

Note Verba le

The Embassy of the United States presents its compliments to the Royal Ministry of Foreign Affairs and with reference to the financial and trade agreements recently negotiated between Italy and Switzerland, has the honour in pursuance of instructions from its Government, to inform the Royal Ministry that the Government of the United States cannot approve those provisions of the agreements which provide for the recognition or settlement of debts incurred during the period of hostilities between June 10, 1940 and September 8, 1943 except private debts which may be extensions or renewals of credits granted prior to June 10, 1940. This decision, which was reached after careful study of the agreements and the memorandum handed to the Allied Commission by the Ministry of Finance on September 2, 1945 has been made in view of the fact that these credits were of assistance to Italy in the prosecution of the war against the United Nations and that there still remain unsettled claims and debts owed by Italy to the United Nations and their nationals. No objection is raised to those provisions of the agreements providing for settlement of debts incurred prior to June 10, 1940, although strict application of the principle that no agreement providing for the settlement of Italian debts to Switzerland should be concluded prior to the provision for settlement with the United Nations and their nationals would require that the question of debts so incurred should also remain in abeyance. However, in view of the importance to both countries of the resumption of trade between Italy and Switzerland and of the loan features of the agreements as negotiated, it is hoped that the inclusion of the provisions for the settlement of debts incurred prior to June 10, 1940 will permit the conclusion of the agreement subject to the modifications required by the views stated herein.

It is requested that the Italian Government inform the Swiss Government of these decisions and state that, as a consequence, those provisions of the agreements relating to the recognition or settlement of debts incurred during the period of hostilities must remain inoperative.

The agreements between the Italian and Swiss Governments contain various features, such as the bilateral clearing and quota provisions, which would ordinarily tend to prevent attainment for long-term commercial and financial policy objectives of this Government and which are contrary to Italian long-run economic interests. Among these objectives is the reduction of excessive barriers to international trade with a view to the expansion of that trade on a non-discriminatory basis. The United States Government recognizes that under present conditions, the Italian Government may find it necessary, in order to revive Italian foreign trade as speedily as possible, to employ certain interim measures of the type mentioned.

To the
Royal Ministry of Foreign Affairs,
R o m e .



- 2 -

It feels, nevertheless, that the agreements between the Italian and Swiss Governments should indicate clearly the temporary nature of the objectionable features and should provide explicitly that the agreements will be subject to review on relatively short notice with a view to the elimination of such features as soon as multilateral arrangements or other circumstances render it possible for the Italian Government to conclude agreements more in keeping with the above-mentioned commercial and financial policy objectives.

Rome, November 28, 1945.