

# FINANCIAL AND ECONOMIC RELATIONS; CLAIMS

*Memorandums of understanding and supplementary exchanges of notes  
signed at Washington August 14, 1947*

*Entered into force August 14, 1947*

*Supplemented by agreements of February 14, 1948,<sup>1</sup> January 14, 1949,<sup>2</sup>  
and February 24, 1949<sup>3</sup>*

61 Stat. 3962; Treaties and Other  
International Acts Series 1757

## MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ITALY REGARDING SETTLEMENT OF CERTAIN WARTIME CLAIMS AND RELATED MATTERS

As an integral part of the measures which are now being taken to restore normal financial and economic relations between our countries, and as a step toward the economic stability of Italy, the Government of the United States of America and the Government of Italy have reached an understanding providing for mutual renunciation of claims and for related agreements, as follows:

### ARTICLE I.

#### *Renunciation of Claims by Italy or Italian Nationals*

1. (a) In reaffirmation of and connection with Article 76 of the Treaty of Peace with Italy, dated at Paris February 10, 1947,<sup>4</sup> the Government of Italy waives all claims of Italy of any description, arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after September 1, 1939, against United States nationals or the Government of the United States of America, any of its agencies, or contractors or sub-contractors of, or licensees from the Government of the United States of America or its agencies.

(b) The Government of Italy further discharges and agrees to save harmless the Government of the United States of America from any responsibility

<sup>1</sup> TIAS 1948, *post*, p. 299.

<sup>2</sup> TIAS 1950, *post*, p. 338.

<sup>3</sup> TIAS 1919, *post*, p. 342.

<sup>4</sup> TIAS 1648, *ante*, vol. 4, p. 339.

and liability for the processing, settlement and satisfaction of any such claims of Italian nationals.

2. (a) The Government of Italy waives any claims of Italy against the Government of the United States of America, its agencies or United States nationals arising out of actions with respect to ships under Italian registry and flag, including ships in which there is an Italian interest, between September 1, 1939 and the coming into force of the present Memorandum of Understanding, including claims with respect to the use of Italian ships for civilian or other passenger carriage.

(b) The Government of Italy further discharges and agrees to save harmless the Government of the United States of America from any responsibility and liability for the processing, settlement and satisfaction of any such claims of Italian nationals.

3. The Government of Italy waives any claims of Italy against the Government of the United States of America, its officers or agencies arising out of the maintenance of camps in Italy for displaced persons and for all costs incurred in caring for displaced persons in Italy, including but not limited to claims for reimbursement of the United States share of lira funds advanced to the Allied Financial Agency for the purposes specified in this paragraph.

4. (a) The Government of Italy discharges and agrees to save harmless the Government of the United States of America from any responsibility and liability for the processing, settlement and satisfaction of any claims:

(i) of Italian nationals, whether or not asserted in the courts of any country, respecting which the ultimate liability is that of the Government of the United States of America, and arising out of maritime incidents, occurring between September 1, 1939 and the coming into force of the present Memorandum of Understanding, excluding incidents involving ships engaged in purely commercial activities; or

(ii) of Italian nationals or persons domiciled or resident in Italy against the Government of the United States of America, its contractors and sub-contractors, or licensees therefrom, for royalties ultimately paid or payable by the United States of America, or for use of inventions, patented or unpatented, or for infringement of patent rights, arising out of any use of patents or inventions by the Government of the United States of America or such contractors, sub-contractors or licensees, in connection with the wartime activities of the United States of America or programs connected therewith.

(b) The Government of Italy further waives any such claims of Italy.

5. (a) The Government of Italy discharges and agrees to save harmless the Government of the United States of America from any responsibility and liability for the processing, settlement and satisfaction of any claims of Italian nationals, or non-Italian nationals, residing in or transiting Italy, whether

or not asserted in the courts of any country, respecting which the ultimate liability is that of the Government of the United States of America and arising out of acts or omission, both line of duty and non-line of duty, of military and civilian employees of the armed forces of the United States of America, occurring between September 1, 1939 and the coming into force of the present Memorandum of Understanding.

(b) The Government of Italy further waives any such claims of Italy.

(c) The Government of Italy further agrees to process and to assume full responsibility for the settlement and discharge of any such claims.

6. (a) The Government of Italy discharges and agrees to save harmless the Government of the United States of America from any responsibility and liability for the processing, settlement and satisfaction of any claims of Italian nationals against the Government of the United States of America, its agencies, or persons acting under its direction, arising out of the seizure and disclosure of technology, whether patented or not, under programs of the Government of the United States of America for the acquisition and disclosure of such technology in connection with wartime operations and any claim against any person based upon use of information so disclosed.

(b) The Government of Italy further waives any such claims of Italy.

7. (a) The obligation to return Italian goods under Article 73(2) of the Treaty of Peace is understood to be an obligation only to return such goods in the condition in which they exist at the time of return.

(b) (i) Except as specified in Article 73(2) of the Treaty of Peace, no claim shall be asserted by Italy against the Government of the United States of America or its agencies, or against duly authorized United States nationals, arising out of or in connection with procurement or requisition of supplies, services or facilities in Italy by the military forces or civil agencies of the United States of America prior to the effective date of the said Treaty.

(ii) The Government of Italy further agrees to process and to assume full responsibility for the settlement and discharge of any such claims of Italian nationals.

8. With respect to any of the waivers included in the present Article, the Government of Italy reaffirms its obligations to make equitable compensation in lira to the extent set out by the terms of Article 76(2) of the Treaty of Peace.

## ARTICLE II

### *Renunciation of Claims by the Government of the United States of America*

9. The Government of the United States of America, recognizing the contribution of Italy towards the winning of the war by Italian action since October 13, 1943, and recognizing the conditions and terms of the Treaty of Peace with Italy and of various clauses of this financial agreement, agrees to renounce and waive claims of the Government of the United States of America or its agencies arising out of the following connections:

(a) Civilian supplies furnished, prior to the effective date of this Memorandum of Understanding, under the military relief program;

(b) Dollars transferred or to be transferred to Italy, equivalent to the net lira expenditures of the United States armed forces in Italy; and

(c) Supplies procured with funds appropriated for the purposes of the Lend-Lease Act <sup>5</sup> and transferred to Italy through the agency of the United States Department of War.

10. The Government of the United States of America waives such claims as it may have for the payment of salary to Italian officer prisoners of war, made consistent with the convention relating to the treatment of prisoners of war, signed at Geneva on July 27, 1929.<sup>6</sup>

11. (a) The Government of the United States of America agrees to continue to honor in lira, at the prevailing rate of exchange applicable to the Government of the United States of America expenditures in Italy at the time of payment, and in accordance with procedures established by the United States military authorities, all valid evidences of obligations made out by the Government of the United States of America or its agencies and in its name or the name of any of its agencies to former Italian prisoners of war and surrendered Italian personnel, both officer and enlisted, it being understood that the two Governments may enter into a subsequent understanding with reference to the procedures which may be utilized by the Government of the United States of America to meet these obligations.

(b) The Government of Italy further agrees to undertake that all payments which have been made by it to former Italian prisoners of war and surrendered personnel prior to the effective date of this agreement in lira at less than the prevailing rate of exchange applicable to the Government of the United States of America expenditures in Italy at the time of payment, shall be adjusted to such then prevailing rate of exchange.

12. The Government of the United States of America waives all costs, including maintenance costs, incurred in the repatriation of Italian prisoners of war to the assembly point on Italian territory. For the purposes of this Memorandum of Understanding the assembly point on Italian territory shall be considered the first point of arrival of Italian prisoners of war on Italian territory.

13. The Government of the United States of America waives any claims it or its agencies or officers may have with respect to advances made by it toward the financing of Italian Partisans. The Government of the United States of America, in further recognition of the renunciation of claims by the Government of Italy, and with particular reference to paragraph 2(a) above, waives all claims it may have against the Government of Italy resulting from advances made by it toward the maintenance of Italian diplomatic missions, and also Italian shipping and crews in neutral ports.

<sup>5</sup> 55 Stat. 31.

<sup>6</sup> TS 846, *ante*, vol. 2, p. 932.

14. (a) The Government of the United States of America waives any claims it or its agencies or officers may have with respect to any transfer made directly by the armed forces of the United States of America, their agencies, or officers of supplies and materials from military stocks to the Government of Italy, to the Italian armed forces or their agencies or officers.

(b) The Government of the United States of America, with reference to 14 (a) above, reserves the right of recapture of any arms, ammunition and implements of war (of the types listed in Proclamation No. 2717<sup>7</sup> of the President of the United States of America, dated February 14, 1947), which may have been transferred by the armed forces of the United States of America, its agencies or officers, and are held by the Government of Italy, its agencies or officers, on the date on which notice requesting return is communicated to the Government of Italy, but the Government of the United States of America has indicated that it does not intend to exercise generally its right of recapture of such articles. Disposal of such articles by the Government of Italy in or for use in other countries will be made only with the consent of the Government of the United States of America and with payment to the Government of the United States of America of any proceeds of such disposals. The Government of Italy agrees that all such articles held by it will be used only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations.<sup>8</sup>

15. Nothing contained herein shall be construed to affect in any manner obligations assumed by Italy or the United States of America pursuant to settlements between Italy and the United States of America involving disposal of surplus property.

### ARTICLE III

#### *Property of Nationals of the United States of America*

16. (a) The Government of Italy will expedite in any manner necessary arrangements now being undertaken, or those necessary to be undertaken, for the desequestration of and release of any unusual controls over the property or interests in property in Italy of nationals of the United States of America, including the cancellations of any controls, contracts, including contracts for the sale of capital assets or a part thereof, agreements or arrangements undertaken during the period of control in accordance with the request, or at the direction of the Government of Italy, its agencies or officials, which are not deemed to have been in the best interest of such property or interests. The Government of Italy further agrees that with respect to the application of Paragraph 4 (a) and 4 (d) of Article 78 of the Treaty of Peace to cases which fall within the terms of this provision, as well as to all cases to which Paragraph 4 (a) and 4 (d) of Article 78 apply, the requirement "for the restoration to complete good order" shall be followed in all

<sup>7</sup> 12 Fed. Reg. 1127.

<sup>8</sup> TS 993, *ante*, vol. 3, p. 1153.

cases where there has been (1) deterioration of the physical property while under Italian control, and (2) where the physical property has suffered non-substantial damage as a result of acts of war. In all other cases the requirement to compensate in lira to the extent of "two-thirds of the sum necessary" shall apply, provided that the Government of Italy may, with respect to any case, apply the requirement "for the restoration to complete good order."<sup>9</sup>

(b) The Government of Italy agrees that with respect to the property or interests in property of United States nationals which property or interests are not covered by section (a) above, it will accord such property or interests treatment identical with that provided in section (a) above.

(c) The Government of Italy shall, with reference to paragraphs (a) and (b) above, apply Paragraph 4 (b) of Article 78 of the Treaty of Peace.

(d) Compensation paid in accordance with terms of this section shall be free of levies, taxes, or other charges and shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

#### ARTICLE IV

##### *Prewar Claims of the Government of the United States of America or of United States Nationals*

17. (a) The Government of Italy, recognizing the existence of legitimate claims of the Government of the United States of America or of United States nationals against the Government of Italy or Italian nationals arising out of contracts or other obligations incurred prior to December 8, 1941, agrees that it will make every effort to settle at as early a date as possible, and to facilitate to the extent possible the payment of the debts or other claims referred to hereinabove.

(b) With respect to lira payments made under Italian law to Italian government agencies in purported discharge of debts in non-lira currencies owed by Italian nationals to nationals of the United States of America, the Government of Italy fully recognizes the existence of legitimate claims of the Government of the United States of America or United States nationals in these cases. The Government of Italy further agrees that within six months from the date of the signing of this Memorandum of Understanding it will either assume the obligation to make payment of such debts in foreign exchange to the extent that lira payments were made to the Government of Italy in the manner referred to above, or it will provide that the Italian debtor shall be held directly responsible for the payment of such debts. In either event, the Government of Italy agrees that it will make available the foreign exchange necessary for the discharge of such debts at the earliest date permitted by the Italian foreign exchange position. It is understood that the

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<sup>9</sup> For an interpretation of para. 16 (a), see exchange of notes verbales at Rome Feb. 24, 1949 (TIAS 1919), *post*, p. 342.

provisions of this section do not prejudice any settlement between the Government of Italy and the Italian debtors with respect to such lira payments.

#### ARTICLE V

##### *Definitions*

18. For the purposes of this Memorandum of Understanding, the term "nationals" means individuals who are nationals of the United States of America, or of Italy, or corporations or associations organized under the laws of the United States of America or Italy, at the time of the coming into force of this Memorandum of Understanding, provided, that under Article III above, nationals of the United States of America shall, for purposes of receiving compensation, also have held this status either at the time at which their property was damaged or on September 3, 1943, the date of the Armistice with Italy.

#### ARTICLE VI

##### *Clauses of the Treaty of Peace*

19. It is agreed that any of the clauses of the Treaty of Peace, dated at Paris February 10, 1947, to which this Memorandum of Understanding may refer, shall be considered as constituting an integral part of this Memorandum of Understanding, as between the Governments of the United States of America and Italy.

#### ARTICLE VII

##### *Effective Date*

20. This Memorandum of Understanding shall enter into force upon the day it is signed.

Done at Washington in duplicate, in the English and Italian languages, both of which shall have equal validity, this 14th day of August, 1947.

For the Government of the United States of America:

ROBERT A. LOVETT

For the Government of Italy:

LOMBARDO

#### EXCHANGES OF NOTES

*The Chief of the Italian Economic and Financial Delegation to the Acting Secretary of State*

AUGUST 14, 1947

SIR:

With respect to the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy

regarding settlement of certain wartime claims and related matters", I am authorized, on behalf of the Government of Italy, to make known to you the intentions of the Government of Italy with respect to United States military cemeteries in Italy.

The Government of Italy is deeply aware of the fact that the existence of these cemeteries is the result of the valiant and heroic sacrifices made by nationals of the United States of America in the cause of peace and justice for my country, as well as for their country. My Government is also deeply aware of the fact that for years to come the members of the families and relatives of those United States nationals who are buried in United States military cemeteries in Italy will wish to visit their graves. The Government of Italy, therefore, in recognition of the circumstances which led to the establishment of these cemeteries and in full appreciation of their symbolic significance, offers to undertake to maintain in good order and in perpetuum all United States military cemeteries in Italy.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

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*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

The Government of the United States of America not only values the offer of the Government of Italy to maintain in good order and in perpetuum all United States military cemeteries in Italy, but also the motives which prompted that offer.

It is, therefore, with a deep sense of appreciation that I accept, on behalf of my Government, the offer of the Government of Italy to undertake to maintain in good order and in perpetuum all United States military cemeteries in Italy.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable

IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

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*The Chief of the Italian Economic and Financial Delegation to the Acting  
Secretary of State*

AUGUST 14, 1947

SIR:

With reference to the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding settlement of certain wartime claims and related matters", I have the honor to inform you of my Government's undertakings as set forth below with respect to the assistance to be given to nationals of the United States of America with respect to their properties in Italy. This assistance is directed particularly to the implementation of Article 78 of the Treaty of Peace with Italy and to Article III, paragraph 16, of the above Memorandum of Understanding.

The Government of Italy shall, as soon as possible, designate an Italian governmental agency having authority to receive and determine claims of nationals of the United States of America with respect to their properties in Italy, and to effect the restoration of such properties, or pay compensation, or both, as provided in Article 78 of the Treaty of Peace with Italy, and in accordance with the terms of Article III, paragraph 16, of the Memorandum of Understanding.

With a view to rendering appropriate assistance to nationals of the United States of America having claims falling within the scope of this agreement, and also to any representative who may be designated by the Government of the United States of America to assist such nationals in the preparation and establishment of their claims, the Government of Italy further will, upon request and without charge, furnish copies of pertinent evidence and records in Italy, and will also, upon request and without charge, make available to the designated representative of the United States of America funds in lira to the extent necessary to defray the local expenses in Italy, including subsistence, of such representative and his assistants, and also to

pay compensation to Italian personnel designated in Italy by such representative, it being understood that such expenses will be kept to a minimum.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

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*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

I am pleased to inform you that the undertakings and procedures set forth in your note are satisfactory to my Government. These procedures can be expected to limit the expenses to be incurred under section 5 of Article 78 of the Treaty of Peace, which is a desirable result for both Governments.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable  
IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

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*The Chief of the Italian Economic and Financial Delegation  
to the Acting Secretary of State*

AUGUST 14, 1947

SIR:

Reference is made to Article III, paragraph 16, of the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding settlement of certain wartime claims and related matters", signed this date.

One of the more troublesome problems which has arisen in connection with Article 78 of the Treaty of Peace has been concerned with the property in Italy of American oil companies. The principal difficulty which has been

encountered in returning such properties to the rightful owners has been the question of the employment rights which accrued during the period of control of the American oil companies by the Government of Italy.

I am authorized by my Government to advise you of the following agreement on the question of employment rights which has been reached between the Government of Italy and representatives of the oil companies:

1. The Anglo-American companies (which had originally requested the Government of Italy to consider as broken the continuity of employment for the employees on their pay rolls at the moment of liquidation of the companies) have now in principle agreed to re-engage 95% of the personnel. The Azienda Generale Italiana Petroli on its side shall, in full agreement with the Italian Treasury, pay the indemnities for the period running from the date of the liquidation to the date of re-employment. The implementation of this formula can be expected to take place in the very near future.

2. An agreement has been reached on the partitioning of the market between the foreign companies on the one side and Azienda Generale Italiana Petroli on the other side. This agreement has involved considerable sacrifice on the part of Azienda Generale Italiana Petroli.

3. Insofar as the war damages suffered by the American companies are concerned, the duty of the Government of Italy derives from Article 78 of the Treaty of Peace, and the policy applied will be in accordance with Article III, paragraph 16, of the above referred to Memorandum of Understanding.

It is also understood that the properties and all assets will be returned, including, of course, the employee compensation funds which were on hand at the date of liquidation and which represent the funds available for persons still employed by the companies.

This agreement was made known to the representatives of the American oil companies in the United States of America concerned with this problem, as well as to officials of your Department, all of whom signified their approval.

I can, therefore, confirm to you that the Government of Italy accepts all the above engagements and will implement them at the earliest possible date.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

My Government is very pleased to know that the question of the return of the properties in Italy of American oil companies has been resolved in the manner set forth in your note. The solution is consistent with the terms of Article III, paragraph 16, of the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding settlement of certain wartime claims and related matters", signed this date.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable

IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

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*The Chief of the Italian Economic and Financial Delegation to the Acting  
Secretary of State*

AUGUST 14, 1947

SIR:

With reference to Article 4 [IV] of the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding settlement of certain wartime claims and related matters", signed this date, I am pleased to be able to advise you on behalf of the Government of Italy that a plan has been prepared for adjusting the unrepatriated bonds of the Italian dollar issue, service on which has been suspended since 1940.

The proposed plan, which has been approved in principle by the Foreign Bond Holders Protective Council, Inc., will embrace all publicly held dollar bonds comprising three groups: first, bonds of the Kingdom of Italy; second, bonds of the Cities of Rome and Milan, bonds of the Italian Credit Consortium for Public Works, and bonds of the Mortgage Bank of the Venetian Provinces; and third, bonds of the Italian Credit Institute for Public Utility Enterprises and of eleven public utility corporations.

New bonds will be issued in an amount equal to the principal of the old bonds plus all arrears thereof at the former rates to January 1, 1947. The new bonds to be issued in exchange for the Kingdom of Italy bonds will be issued by the Republic, while those issued in exchange of the old bonds in the second and third groups will be bonds of the Consortium and the Institute respectively, in each case guaranteed as to principal and interest by the Republic.

The new bonds in all three groups are expected to bear interest at 1% for 1947, 1948 and 1949; 2% for 1950 and 1951; and 3% beginning 1952. The first installment of interest on the new bonds will be paid in cash at the time of exchange. Commencing in January 1952 the three issues of bonds will be entitled to a cumulative sinking fund of 1% per annum for 1952 to 1956 inclusive and 2% per annum beginning in 1957.

It is expected that the full details of the plan will be made public and the offer to the old bond holders will be made in the near future, as soon as the necessary registration under the Security Act of 1933<sup>10</sup> and other arrangements are completed. There is enclosed herewith for your information additional details concerning the proposed plan.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO

*Chief of the Italian Economic  
and Financial Delegation*

Enclosure:  
Italian Dollar Bond Tabulation.

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

#### ITALIAN DOLLAR BONDS

There are presently outstanding approximately \$108,000,000 of non-repatriated Italian dollar bonds on which service was suspended on June 10, 1940, and it is the desire of the Government of Italy to make an adjustment with respect thereto.

These obligations fall into three categories: first, bonds issued by the Government of Italy; second, bonds issued by the Cities of Rome and Milan and by the Italian Credit Consortium for Public Works, and the Mortgage Bank of the Venetian Provinces; and third, various corporate obligations. In connection with formulating an adjustment of Italian dollar bonds, it has been considered advisable to issue three types of obligations—one a direct obligation of the Government of Italy, to be issued in exchange for bonds falling within the first category and the other two being obligations of semi-governmental agencies, guaranteed as to principal and interest by the Government of Italy, to be issued in exchange for bonds falling within the second and third categories.

<sup>10</sup> 48 Stat. 74.

I. Bonds of the Kingdom of Italy:

The issue of the above obligor to be considered in the following:

<u>Issue</u>	<u>Maturity</u>	<u>Interest Dates</u>
Kingdom of Italy	7s, 1951	J & D 1

II. Bonds of the Cities of Rome and Milan, the Italian Credit Consortium for Public Works and the Mortgage Bank of the Venetian Provinces:

<u>Issue</u>	<u>Maturity</u>	<u>Interest Dates</u>
City of Milan	6½s, 1952	A & O 1
City of Rome	6½s, 1952	A & O 1
Consortium for Public Works	7s, 1947	M & S 1
Mortgage Bank of the Venetian Provinces	7s, 1952	A & O 1

III. Corporate Obligations:

The Corporate obligations outstanding are twelve issues of dollar bonds, 8 of which represent, directly or indirectly, obligations of utility companies and 4 of industrial companies. These obligations are the following:

<u>Issue</u>	<u>Maturity</u>	<u>Interest Dates</u>
Italian Public Utility Credit Institute	7s, 1952	J & J 1
Adriatic Electric Co.	7s, 1952	A & O 1
Piedmont Hydro-Electric Co.	6½s, 1960	A & O 1
Lombard Electric Co.	7s, 1952	J & D 1
Isarco Hydro-Electric Co.	7s, 1952	M & N 1
Meridionale Electric Co.	7s, 1957	A & O 1
United Electric Service Co.	7s, 1956	J & D 1
Terni Industrial and Electric Co.	6½s, 1953	F & A 1
Isotta Fraschini Automobile Factory	7s, 1942	J & D 1
Ercole Marelli Electric Manufacturing Co.	6½s, 1953	M & N 1
Ernesto Breda Co.	7s, 1954	F & A 1
*Crespi Cotton Works	7s, 1952	M & N 1

\*The lira bonds of Crespi Cotton Works, Ltd. (now Italian Textile Establishment (Milan)) were originally sold in the U.S. with provision for payment in dollars at a rate of not less than 3.64 cents to the lira.

In order to effect an adjustment with the holders of such obligations, the following plan is proposed:

1. (a) The Government of Italy will offer a like principal amount of its 3% 30 year External Sinking Fund Bonds in exchange for the outstanding principal amount of the obligations of the Kingdom of Italy.

(b) The Italian Credit Consortium for Public Works, one of the present obligors and a semi-governmental agency, will offer (pursuant to authority granted by the Government of Italy) its bonds in exchange for the outstanding principal amount of the obligations of the Cities of Rome and Milan, the Italian Credit Consortium for Public Works and the Mortgage Bank of the Venetian Provinces. The entire debt service on such bonds will be guaranteed by the Government of Italy.

(c) The Italian Public Utility Credit Institute, one of the present obligors and a semi-governmental agency, will offer (pursuant to authority granted by the Government of Italy) its bonds in exchange for the outstanding principal amount of the twelve corporate issues. The entire debt service on such bonds will be guaranteed by the Government of Italy.

2. Semi-annual interest payments on these three issues of bonds will accrue from January 1, 1947. Interest will be paid in 1947, 1948 and 1949 at the rate of 1% per annum; in 1950 and 1951 at the rate of the 2% per annum; and in 1952 and subsequent years at the rate of 3% per annum. Upon exchange of old bonds for new bonds, a cash payment will be made for interest accrued from January 1, 1947 to July 1, 1947, at the rate of 1% per annum.

3. Interest in arrears on the various bond issues will be computed at the rates stated in the bonds from the date of the last coupon payment to January 1, 1947 and additional (a) Government of Italy Bonds, or (b) Italian Credit Consortium for Public Works Bonds, or (c) Italian Public Utility Credit Institute Bonds, as the case may be, will be issued in settlement thereof, except that no bonds will be issued in principal amounts of less than \$100. Any balance which may be due on account of accrued interest over and above a multiple of \$100 will be discharged by an equal face amount of non-interest bearing scrip exchangeable for Government of Italy bonds or Italian Credit Consortium for Public Works bonds or Italian Public Utility Credit Institute bonds, as the case may be, in aggregate amounts of \$100 or any multiple thereof.

4. Commencing January 1, 1952, the three issues of bonds will be entitled to a cumulative sinking fund, calculated on the nominal amount of bonds to be outstanding initially, at the following rates:

1952 to 1956 inclusive	1% per annum
1957 and subsequent years	2% per annum

such sinking fund to be applied semi-annually to the purchase of bonds at or below par or to the extent not so obtainable in redemption at par of bonds to be selected by drawings.

5. The Government of Italy is prepared to agree to set aside monthly in a segregated account with the Bank of Italy foreign exchange equivalent to  $\frac{1}{6}$  of the semi-annual service requirement for the three issues of bonds.

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The respective approximate principal amount of the three proposed 3% thirty year bonds to be outstanding (including bonds issued in settlement of all arrears of interest to January 1, 1947) are shown in the attached tabulation, which also sets forth a schedule of the relative interest and amortization payments.

\* \* \*

No provision is being made at this time for the outstanding bonds of the General Italian Edison Electric Company, all of which bonds are owned by the International Power Securities Corporation, because of negotiations presently being conducted by General Italian Edison Electric Company with the International Power Securities Corporation looking toward the exchange of such bonds for stocks of the General Italian Edison Electric Company.

PROPOSED ITALIAN ISSUES TO BE DATED AS OF JANUARY 1, 1947, DUE 1977

	<u>Government Issue</u>	<u>Credit Consortium</u>	<u>Pub. Util. Credit Institute</u>	<u>Total</u>	
Original Principal Amount To Be Outstanding	<u>\$40,257,310</u>	<u>\$38,055,462</u>	<u>\$58,065,712</u>	<u>\$136,378,485</u>	
	* * *				
				<u>Total Service</u>	
				<u>Semi-Annual</u>	<u>Annual</u>
<u>Semi-Annual Service Requirements:</u>					
1947 to 1949 Interest 1%	<u>\$ 201,286</u>	<u>\$ 190,277</u>	<u>\$ 290,328</u>	<u>\$ 681,891</u>	<u>1,363,782</u>
1950 to 1951 Interest 2%	<u>402,573</u>	<u>380,544</u>	<u>580,657</u>	<u>1,363,784</u>	<u>2,727,568</u>
1952 to 1956 Interest 3%) Sinking fund 1% )	<u>805,145</u>	<u>761,108</u>	<u>1,161,313</u>	<u>2,727,566</u>	<u>5,455,132</u>
1957 to 1977 Interest 3%) Sinking fund 2% )	<u>1,006,432</u>	<u>951,385</u>	<u>1,451,642</u>	<u>3,409,439</u>	<u>6,818,918</u>
	* * *				
Amount Bonds retired at par 6th to 10th years % of original issue	2,154,308	2,036,481	3,107,299	7,298,088	5.35%
Amount of Bonds retired at par 11th to 30th years % of original issue	21,846,788	20,651,864	31,511,032	74,009,684	
Amount Bonds retired at par 6th to 30th years % of original issue	24,001,096	22,688,343	34,618,331	81,307,772	59.62%

ITALY

## UNREPATRIATED BONDS OUTSTANDING

Interest Dates	Principal Amount Outstanding	Interest Arrears to Dec. 31, 1946		Total	Approximate Amount of New Bonds
		%	Amount		
<u>Kingdom of Italy - 7s, 1951</u>					
<u>J &amp; D 1</u>	\$27,558,400	46.08	\$12,698,910.72		\$40,257,310.72
<u>City of Milan - 6½s, 1952</u>					
<u>A &amp; O 1</u>	13,092,800	43.87	5,743,811.36	\$18,836,611.36	
<u>City of Rome - 6½s, 1952</u>					
<u>A &amp; O 1</u>	9,911,800	43.87	4,348,306.66	14,260,106.68	
<u>Credit Consortium - 7s, 1947</u>					
<u>M &amp; S 1</u>	2,704,000	47.83	1,293,323.20	3,997,323.20	
<u>Mortgage Bank of Venetian Provinces - 7s, 1952</u>					
<u>A &amp; O 1</u>	666,500	47.25	314,921.25	961,421.25	
	<u>26,375,100</u>		<u>11,700,362.47</u>		38,055,462.47
<u>Ital. Pub. U. Cr. Inst. - 7s, 1952</u>					
<u>J &amp; J 1</u>	7,878,500	49.	3,860,465.00	11,738,965.00	
<u>Adriatic Elec. Co. - 7s, 1952</u>					
<u>A &amp; O 1</u>	2,091,000	47.25	987,997.50	3,078,997.50	
<u>Piedmont H - E Co. - 6½s, 1960</u>					
<u>A &amp; O 1</u>	5,473,000	43.87	2,401,005.10	7,874,005.10	
<u>Lombard Elec. Co. - 7s, 1952</u>					
<u>J &amp; D 1</u>	2,879,000	46.08	1,326,643.20	4,205,643.20	

## UNREPATRIATED BONDS OUTSTANDING—Continued

Interest Dates	Principal Amount Outstanding	Interest Arrears to Dec. 31, 1946 %	Amount	Total	Approximate Amount of New Bonds
<u>Isarco H—E Co. — 7s, 1952</u>					
M & N 1	\$2, 091, 500	46. 67	\$976, 103. 05	\$3, 087, 603. 05	
<u>Meridionale Elec. Co. — 7s, 1957</u>					
A & O 1	8, 765, 500	47. 25	4, 145, 698. 75	12, 907, 198. 75	
<u>United Elec. Service Co. — 7s, 1956</u>					
J & D 1	2, 748, 000	46. 08	1, 266, 278. 40	4, 014, 278. 40	
<u>Terni Ind. &amp; Elec. Co. — 6½s, 1953</u>					
F & A 1	5, 032, 000	44. 96	2, 262, 387. 20	7, 294, 387. 20	
<u>Isotta Frasch. Auto Factory — 7s, 1942</u>					
J & D 1	253, 000	46. 08	116, 582. 40	369, 582. 40	
<u>Ercole Marelli Elec. Co. — 6½s, 1953</u>					
M & M 1	1, 022, 000	43. 33	442, 852. 60	1, 464, 832. 60	
<u>Ernesto Breda Co. — 7s, 1954</u>					
F & A 1	983, 000	48. 42	475, 968. 60	1, 458, 968. 60	
<u>Ital. Textile Estab. Milan — 7s, 1952</u>					
M & N 1	*389, 480	46. 67	181, 770. 32	571, 250. 32	
	<u>39, 605, 980</u>		<u>18, 439, 732. 12</u>		\$58, 065, 712. 12
	27, 558, 400		12, 698, 901. 72		40, 257, 310. 72
	26, 375, 100		11, 700, 362. 47		38, 055, 462. 47
	<u>39, 605, 980</u>		<u>18, 439, 732. 12</u>		<u>58, 065, 712. 12</u>
	93, 539, 480		42, 839, 005. 31		136, 378, 485. 31

\* The principal amount of bonds outstanding is Lira 10,700,000.

*The Acting Secretary of State to the Chief of the Italian Economic and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

The plan proposed by you with respect to the unrepatriated bonds of the Italian dollar issues, service on which has been suspended since 1940, satisfactorily complies with the obligations undertaken by the Government of Italy in paragraph 17 of Article IV of the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding settlement of certain wartime claims and related matters".

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable  
IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ITALY REGARDING ITALIAN ASSETS IN THE UNITED STATES OF AMERICA AND CERTAIN CLAIMS OF UNITED STATES NATIONALS

Discussions have taken place with representatives of the Government of Italy on the question of disposition of Italian property in the United States of America. These discussions have grown out of the terms of the Treaty of Peace with Italy dated at Paris February 10, 1947, particularly Article 79 thereof; and out of the financial and other relations between the United States of America and Italy during the period since the Italian Armistice. As a further step toward the bettering of relations between Italy and the United States of America, the Government of the United States of America has felt it desirable, subject to appropriate governmental action, to renounce certain of the rights granted to it under the terms of the Treaty of Peace, and to return and unblock property in the United States of America which has been vested or blocked by the Government of the United States of America by reason of an interest of Italy or Italian nationals. The Government of Italy, on the other hand, has recognized that in justice it should

provide funds to be utilized by the Government of the United States of America in application to claims of United States nationals arising out of the war with Italy.

The Government of the United States of America and the Government of Italy have, therefore, reached an understanding, as follows:

#### ARTICLE I

1. The Government of the United States of America, referring to Article 79 of the Treaty of Peace with Italy, dated at Paris February 10, 1947, nevertheless agrees, within the limits provided by law:

(a) to take the necessary steps to effect the return of property and interests vested in or transferred to any officer or agency of the Government of the United States of America under the Trading with the Enemy Act, as amended,<sup>11</sup> which were owned by the Government of Italy or Italian nationals immediately prior to such vesting or transfer, or the net proceeds of such property or interest; provided, however, that such return shall be subject to the conditions and exceptions set forth in Annex I, which constitutes an integral part of this Memorandum of Understanding;

(b) to take the necessary steps to effect the release by the United States authorities of blocked property and interests in the United States of America of Italy or Italian nationals. Such release shall be effected in accordance with conditions stated in a letter of assurances, dated today, and addressed by the Italian authorities to the Secretary of the Treasury of the United States of America, it being understood that the unblocking procedure will actually be put into effect not later than one month from the date of this Memorandum of Understanding;

(c) to take the necessary steps to return, in their condition at the time of return, to the Government of Italy all vessels which were under Italian registry and flag on September 1, 1939, which were thereafter acquired by the Government of the United States of America either by purchase or by forfeiture and which are now owned by the Government of the United States of America; provided, that in the event forfeiture proceedings against any of the vessels are dismissed, the Government of Italy agrees to discharge and save harmless the Government of the United States of America from any responsibility and liability for the processing, settlement and satisfaction of any claims against such vessels; and

(d) to take the necessary steps, subject to all terms and conditions of authorizing legislation, to transfer to the Government of Italy surplus liberty ships of the Government of the United States of America, to be operated by Italy for commercial uses, of a total tonnage approximately equal to the total tonnage of vessels which were under Italian registry and flag on September 1,

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<sup>11</sup> 40 Stat. 411 and 966; 54 Stat. 179; 55 Stat. 839.

1939, and were subsequently seized in United States ports and thereafter lost while being employed in the United States war effort, provided that the selection of such surplus ships shall be by the Government of the United States of America, after consultation with the Government of Italy, and provided further that the ships shall be transferred on an as is where is basis.

2. The release or return of property and interests under the present Article shall not prevent the assertion of rights or claims to, against or with respect to such property and interests or the proceeds thereof; nor (in accordance with Article 76 of the Treaty of Peace signed at Paris) shall this Memorandum of Understanding or its execution in any way give rise to any cause of action or claim against the Government of the United States of America, or any officer or agency thereof.

3. (a) The provisions of this Article shall in no manner impose any obligation upon the Government of the United States of America to return any royalty or other compensation or right to receive a royalty or other compensation to the Government of Italy or any Italian national arising out of the use prior to December 31, 1945 of any invention, patent or patent right in the United States held by the Government of Italy or Italian nationals, or subject to return to the Government of Italy or Italian nationals pursuant to this Memorandum of Understanding

(b) The Government of Italy recognizes that the Government of the United States of America, its agencies or United States nationals, have no responsibility for the processing, settlement or satisfaction of any claims of Italian nationals falling under the terms of this paragraph and agrees, consistent with Paragraph 3 of Article 79 of the Treaty of Peace, to compensate Italian nationals for any duly established claims falling under the terms of this Article.

(c) Except as set forth in this Memorandum of Understanding or in Annex I hereto, industrial property released or returned by the Government of the United States of America pursuant to paragraph 1 of the present Article shall be subject only to such restrictions as may otherwise be generally applicable to industrial property in the United States of America held by foreign countries or nationals of such countries.

## ARTICLE II

4. The Government of Italy agrees to pay and deposit with the Government of the United States of America on or before December 31, 1947 the sum of \$5,000,000 (five million dollars) in currency of the United States of America, this sum to be utilized, in such manner as the Government of the United States of America may deem appropriate, in application to the claims of United States nationals arising out of the war with Italy and not otherwise provided for.

## ARTICLE III

*Definitions*

5. For the purposes of this Memorandum of Understanding, the term "Italian nationals" means individuals who are nationals of Italy or corporations or associations organized under the laws of Italy, at the time of the coming into force of this Memorandum of Understanding.

## ARTICLE IV

*Clauses of the Treaty of Peace*

6. It is agreed that any of the clauses of the Treaty of Peace, dated at Paris February 10, 1947, to which this Memorandum of Understanding and the Annex hereto may refer, shall be considered as constituting an integral part of this Memorandum of Understanding and the Annex hereto, as between the Governments of the United States of America and Italy.

## ARTICLE V

*Effective Date*

7. This Memorandum of Understanding shall enter into force upon the day it is signed.

Done at Washington in duplicate, in the English and Italian languages, both of which shall have equal validity, this 14th day of August, 1947.

For the Government of the United States of America:

ROBERT A. LOVETT

For the Government of Italy:

LOMBARDO

## ANNEX I

The Government of the United States of America intends to effect returns, pursuant to Article I, paragraph 1 (a) of this Memorandum of Understanding, by appropriate legislation permitting returns of vested property to the Government of Italy and subjects or citizens of Italy and corporations or associations organized under the laws of Italy upon the terms and conditions generally applicable to return of such property to others eligible for return pursuant to Section 32 of the Trading with the Enemy Act, as amended.

It is understood that while the Government of the United States of America will seek to eliminate Italian nationality as a disqualification from eligibility for return pursuant to Section 32 (a) of the Trading with the Enemy Act, as amended,

(a) The Government of the United States of America does not intend to assume any obligation to make returns to any of the following:

(1) The Italian Fascist Party, any organization closely affiliated therewith (other than the Government of Italy) or any person who was a member of such party or organization at any time after September 8, 1943; or

(2) Any person, firm or organization convicted of violation of any of the statutes set forth in Section 34(a) of the Trading with the Enemy Act, as amended; or

(3) Any person, firm or organization convicted of war crimes or of having collaborated with an enemy country after September 8, 1943; or

(4) Any person, firm or organization indicted or officially charged with war crimes or with having collaborated with an enemy country after September 8, 1943, until such person, firm or organization has been officially acquitted or cleared of such indictment or charge; or

(5) A corporation or association organized under the laws of any country other than Italy or Trieste; or

(6) Any individual who was at any time after December 7, 1941, a citizen or subject of a nation other than Italy with which the United States of America has at any time since December 7, 1941, been at war; or

(7) Any individual voluntarily resident at any time since December 7, 1941, within the territory of any nation other than Italy with which the United States of America has at any time since December 7, 1941, been at war;

(b) Ultimate disposition of property falling under the terms of section (a), paragraphs (1)–(7) above is reserved for future decision by the Government of the United States of America, after consultation between the Governments of Italy and the United States of America;

(c) The Government of the United States of America does not intend to make returns in any case in which it deems that return would be contrary to its interests in respect of national security or antitrust or fiscal policy; and

(d) The Government of the United States of America does not intend to assume any obligation to make returns of any property which was used pursuant to an arrangement to cloak or to conceal any property or interest within the United States of America of any person ineligible to receive a return under Section 32 (a) (2) of the Trading with the Enemy Act, as amended.

It is further understood that in the case of any literary, artistic or industrial property to be returned, the property shall remain subject to all licenses and agreements for licenses which were granted or entered into by the United States of America with respect to it and which were in effect immediately prior to return; and any rights of the Government of the United States of America to revoke any such license or agreement for license shall not be included within the return.

## EXCHANGES OF NOTES

*The Chief of the Italian Economic and Financial Delegation to the Acting Secretary of State*

AUGUST 14, 1947

SIR:

Reference is made to the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding certain assets in the United States of America and certain claims of United States nationals", signed this date.

In connection with the return to Italy and Italian nationals of property vested in the Office of Alien Property of the Department of Justice of the United States of America, I take this opportunity to inform you that the Government of Italy has designated the Italian Ministry of Treasury as its agency to certify claims for the return of such property.

LOMBARDO

*Chief of the Italian Economic  
and Financial Delegation*

The Honorable

ROBERT A. LOVETT,  
*Acting Secretary of State.*

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*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

I will immediately bring your note to the attention of the Office of Alien Property, Department of Justice, which will communicate directly with the Italian Ministry of Treasury concerning the implementation of the certification agreement.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable

IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

*The Chief of the Italian Economic and Financial Delegation to the Acting  
Secretary of State*

AUGUST 14, 1947

SIR:

In connection with the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding Italian assets in the United States of America and certain claims of United States nationals", signed this date, I wish to bring to your attention the question of the exclusion of Italy from the benefits of the Boykin Act, Public Law 690,<sup>12</sup> 1946, 79th Congress.

Section XIV of this Act specifically excludes from its benefits the citizens of any country with which the United States of America has been at war. In this connection, I wish to refer to the terms of Annex XV of the Italian Treaty of Peace relating to Industrial, Literary and Artistic Property. My Government believes that it would be consistent with the spirit of Annex XV for the Government of the United States of America to amend the Boykin Act so as to authorize the granting of reciprocal rights by the United States of America to Italy and Italian nationals.

I am pleased to be in a position to advise you that at the present time Italy grants to the United States of America and its nationals the rights and privileges referred to in Annex XV. In this connection reference is made to Article I of the Italian Law of September 5, 1946, No. 123, which grants to United States nationals rights with respect to their patents in Italy which are denied to Italian nationals with respect to their patents in the United States of America.

In view of the above circumstances, I should appreciate it if you would advise me of the policy and intentions of the Government of the United States of America in this matter.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO

*Chief of the Italian Economic  
and Financial Delegation*

The Honorable

ROBERT A. LOVETT,  
*Acting Secretary of State.*

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<sup>12</sup> 60 Stat. 940.

*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

I am pleased to be able to inform you that Public Law 380,<sup>13</sup> a copy of which is attached hereto, which was recently enacted by the Congress, amends the Boykin Act by removing present restrictions against the enjoyment by Italy and Italian nationals of the rights granted by the Act, on a finding by the Commission on Patents that Italy grants such rights to the United States of America and its nationals.

It is noted that in your note you state that the Government of Italy grants substantially such rights to the United States of America and its nationals.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

Enclosure:  
Public Law 380

The Honorable

IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation*

[PUBLIC LAW 380—80TH CONGRESS]

[CHAPTER 511—1ST SESSION]

[H. R. 4070]

AN ACT

To carry into effect certain parts relating to patents of the treaties of peace with Italy, Bulgaria, Hungary, and Rumania, ratified by the Senate on June 5, 1947, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the International Convention for the Protection of Industrial Property of 1883,<sup>14</sup> as amended, is considered as reestablished and in full force and effect between the United States and Italy, Bulgaria, Hungary, and Rumania from the date of this Act and the nationals of the latter countries may hereafter apply for and

<sup>13</sup> 61 Stat. 794.

<sup>14</sup> TS 379, *ante*, vol. 1, p. 80.

obtain patents in the United States for their inventions and enjoy the rights and privileges thereof as provided in article 2 of said convention: *Provided, however,* That patents shall not be applied for or obtained, or if obtained, shall not be valid, for inventions heretofore made relating to war material as specified in article 6 of annex XV A of the Treaty of Peace with Italy,<sup>15</sup> article 6 of annex IV of the Treaty of Peace with Bulgaria,<sup>16</sup> article 6 of annex IV A of the Treaty of Peace with Hungary,<sup>17</sup> and article 6 of annex IV A of the Treaty of Peace with Rumania.<sup>18</sup>

SEC. 2. The rights of priority and the times for the taking of any action specified in sections 1 and 3 of Public Law 690, Seventy-ninth Congress, approved August 8, 1946, which had not expired on December 8, 1941, or which commenced after such date, shall be and are hereby extended until February 29, 1948, in favor of nationals of Italy, Bulgaria, Hungary, and Rumania, subject to the conditions and limitations specified in sections 1, 3, 4, and 10 of said Public Law 690: *Provided, however,* That nothing in this Act shall affect any act which has been or shall be done by virtue of special measures taken under legislative, executive, administrative, or military authority of the United States during World War II.

SEC. 3. Nationals of Germany and Japan may hereafter apply for and obtain patents in the United States for their inventions in accordance with the patent laws and enjoy the rights and privileges thereof: *Provided, however,* That patents obtained for such inventions shall be subject to any conditions and limitations with respect to duration, revocation, utilization, assignment, and licensing which may be imposed by Congress, or by the President in accordance with the provisions of any peace treaty hereafter entered into with Germany or Japan: *And provided further,* That, except for patents based on applications filed in the United States Patent Office prior to the date of enactment of this Act, patents may not be applied for or obtained, or if obtained, shall not be valid, for any invention made, or upon which an application was filed by any such national, before January 1, 1946, in Germany or Japan or in the territory of any other of the Axis Powers or in any territory occupied by the Axis forces.

Approved August 6, 1947.

<sup>15</sup> TIAS 1648, *ante*, vol. 4, p. 398.

<sup>16</sup> TIAS 1650, *ante*, vol. 4, p. 449.

<sup>17</sup> TIAS 1651, *ante*, vol. 4, p. 476.

<sup>18</sup> TIAS 1649, *ante*, vol. 4, p. 424.

*The Chief of the Italian Economic and Financial Delegation  
to the Acting Secretary of State*

AUGUST 14, 1947

SIR:

I have the honor to refer to the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding Italian assets in the United States of America and certain claims of United States nationals", signed this date.

In consideration of the undertakings by the Government of the United States of America, provided therein, dealing with the question of vessels which were under Italian registry and flag on September 1, 1939, I am authorized, on behalf of my Government, to enter into the following undertakings:

Notwithstanding the fact that the return of the passenger vessels *Conte Grande* and *Conte Biancamano* supersedes the operating agreement relating to these vessels concluded between the Government of Italy and the United States Maritime Commission, dated May 2, 1947, an implementation of an understanding set forth in an aide memoire of January 8, 1947 from the Department of State to the Embassy of Italy in Washington, relating to these vessels and also to the operation of the Italian passenger vessels *Saturnia* and *Vulcania*, the Government of Italy agrees that, for the period up to and including December 31, 1949, or for such time during that period that the vessels *Saturnia* and *Vulcania* are under Italian ownership and control, their operation will be continued subject to the rights and privileges of the Government of the United States of America as set forth in the aforesaid aide memoire of January 8, 1947, and under arrangements substantially similar to those currently applying to the *M. V. Saturnia*, subject to such modifications to these arrangements as may be agreed to in the light of existing conditions.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date, in the following terms:

[For text of Italian note, see above.]

On behalf of my Government, I am pleased to accept the undertakings of the Government of Italy, as set forth in your note, with reference to the operation of the Italian passenger vessels *Saturnia* and *Vulcania*. At such time as your Government may wish to discuss modifications to the existing arrangements, appropriate officials of this Government will be prepared to enter into the necessary discussions.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable

IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation*

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*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to refer to the "Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding Italian assets in the United States of America and certain claims of United States nationals", signed this date.

Questions have been raised by you concerning:

- (1) the scope of paragraph (a) (ii) [(2)] of Annex I to the memorandum referred to above;
- (2) the meaning of the final (unnumbered) paragraph of Annex I; and
- (3) whether, with respect to the revocable, royalty-free, non-exclusive licenses granted by the United States of America, the Government of the United States of America will object if, after the return of such properties, the owners may negotiate with the licensees with a view to altering the terms of the licenses granted to them by the Government of the United States of America.

I am in receipt of the following letter from Mr. David L. Bazelon, Assistant Attorney General, Director of Alien Property, dated August 12, 1947:

"My advisors have informed me that during the July 2, 1947 conference on the documents implementing and/or supplementing the Treaty of Peace with Italy, members of the Italian delegation raised several questions regarding the meaning and scope of certain sections of Annex I of the Memorandum of Understanding between the Government of the United States of America and the Government of Italy regarding Italian assets in the United States and certain claims of United States nationals. Since the questions raised relate to vested property, representatives of the Department of State have asked for my comments and observations.

"The members of the Italian delegation have inquired as to the scope of paragraph (a) (2) of Annex I mentioned above. The paragraph under reference provides that the United States does not intend to assume any obligation to make returns to any person, firm, or organization convicted of violation of any of the statutes set forth in Section 34(a) of the Trading with the Enemy Act, as amended. The statutes (Title II and III of the Act of June 15, 1917, 40 Stat. 217, 220, 221, as amended) prohibiting commission of injury to vessels on the high seas or within the jurisdiction of the United States are not among the statutes enumerated in Section 34 (a) of the Trading with the Enemy Act, as amended. Hence, acts of sabotage committed on Italian vessels which were subsequently vested by the United States Alien Property Custodian will not in themselves be grounds for refusal to return the interest acquired in such vessels by vesting action.

"The members of the Italian delegation have also raised questions with respect to the meaning of the final (unnumbered) paragraph of Annex I. The paragraph under reference provides that the United States intends to return, pursuant to the provisions of Article I, paragraph 1 (a) of the Memorandum of Understanding mentioned above, literary, artistic or industrial property vested by the United States Alien Property Custodian from the Italian Government or from Italian nationals. Literary, artistic or industrial property so returned will remain subject to all licenses and agreements for licenses granted or entered into by the United States and which are in effect prior to the return of such properties.

"It is the intention to return the proceeds from licenses and agreements for licenses granted or entered into by the United States with respect to literary and artistic property. Such proceeds will be subject to return pursuant to Article I, paragraph 1 (a), of the Memorandum of Understanding. With respect to industrial property where the United States has granted revocable, royalty-free, non-exclusive licenses it is the intention of the United States not to issue additional similar licenses or to reissue any such licenses which have been cancelled or revoked.

“With respect to the revocable, royalty-free, non-exclusive licenses granted by the United States, members of the Italian delegation have inquired whether the United States Government will object if, after the return of such properties, the owners negotiate with the licensees with a view to altering the terms of the licenses granted to them by the United States. It is not the intention of the United States to interpose any objection to such negotiations, provided that such negotiations and any changes in the terms of the licenses are in conformity with all laws of the United States, including the anti-trust laws. Also, it must be clearly understood that the United States assumes no obligations with respect to these negotiations and the licensees are in no way obligated to negotiate any changes in the terms of the licenses granted to them by the United States.”

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable  
IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*

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*The Chief of the Italian Economic and Financial Delegation to the Acting  
Secretary of State*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date, in the following terms:

[For text of U.S. note, see above.]

I appreciate very much the information set forth in your note.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

*The Chief of the Italian Economic and Financial Delegation to the Acting  
Secretary of State*

AUGUST 14, 1947

SIR :

I wish to express my satisfaction at the successful conclusion of discussions with the Government of the United States of America concerning commercial policy and related matters of mutual interest in furthering the economic relations between the Governments of the United States of America and Italy.

I am authorized to inform you that my Government agrees to the following understandings which have resulted from these discussions:

1. The two Governments affirm their continued support of the principles set forth<sup>19</sup> in the notes exchanged between them December 6, 1945,<sup>19</sup> and reiterate their desire to achieve the elimination of all forms of discriminatory treatment in international commerce and the reduction of tariffs and other trade barriers.

2. The two Governments having already entered into preliminary discussions concerning a comprehensive treaty of friendship, commerce and navigation which will regulate to their mutual satisfaction economic relations between the two countries, express their intention to enter into negotiations looking toward the conclusion of such a treaty this year. Meanwhile, the two Governments will continue to accord to articles the growth, produce or manufacture of the other, unconditional most-favored-nation treatment with respect to customs duties, the rules and formalities of customs, and the taxation, sale, distribution, and use within its territory of such articles.

I am also authorized, on behalf of my Government, to advise you that the Government of Italy has been following with deep interest the steps being taken to form an international trade organization of the United Nations and is in full agreement on the fundamental principles of the proposed charter for such an organization.

Accept, Sir, the renewed assurances of my highest consideration.

LOMBARDO  
*Chief of the Italian Economic  
and Financial Delegation*

The Honorable  
ROBERT A. LOVETT,  
*Acting Secretary of State.*

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<sup>19</sup> EAS 492, *ante*, p. 190.

*The Acting Secretary of State to the Chief of the Italian Economic  
and Financial Delegation*

AUGUST 14, 1947

SIR:

I have the honor to acknowledge receipt of your note of this date in the following terms:

[For text of Italian note, see above.]

On behalf of my Government, I wish to confirm to you the agreements set forth in your note. I also wish to express my Government's appreciation for the views you have stated, on behalf of your Government, with respect to the International Trade Organization.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

The Honorable  
IVAN MATTEO LOMBARDO,  
*Chief of the Italian Economic  
and Financial Delegation.*