

submitted by the Italian Government with the approval of the Allied Commission and thence forwarded to the Combined Liberated Areas Committee and those rejected by the Combined Civil Affairs Committee and forwarded by them to CLAC.

These goods are outside military relief and the financing of their purchase accordingly outside the scope of the tripartite agreement regarding costs of military relief.

Before Canada can accept recommendations as a source of supply, it will, therefore, be necessary to determine how the exports of such goods should be financed.

The United States Government proposes to finance them out of troop pay, returns from Italian exports, and personal remittances. The United Kingdom, for the time being at least, will carry them as a book memorandum.

The Department of Finance has indicated that the military lire account for pay advanced to Canadian troops, which on December 31, 1944, amounted to 837,835,227 lire (\$9,362,808.66) could be utilized to finance the exports of these goods to Italy and recommends that if it is so made available it should be for supplies whose export could be justified on military or social grounds.

The Department of Trade and Commerce agrees with the above opinion, but in the absence of up-to-date commercial intelligence it does not venture any recommendations as to which of the commodities in long supply here are particularly required by Italy. The Department refers to its proposal that Colonel Cosgrave<sup>213</sup> might be transferred from Australia to Italy as a military officer with special instructions to investigate and report on commercial matters.

With regard to the Trade and Commerce comments it does not appear that the question of determining Italian needs on the one hand and Canadian possibilities on the other, should alarm us, since the machinery of Combined Boards, Combined Committees, etc., may be expected to handle the problem satisfactorily.

It is suggested that a submission regarding the financing of non-military supplies for Italy out of the Canadian military lire account be prepared for the War Committee at an early date, since allocations cannot be accepted on behalf of Canada in Washington until a decision on the matter has been reached.

---

<sup>213</sup>Attaché militaire, le haut commissariat en Australie.  
Military Attaché, High Commission in Australia.