

There would need to be receipts. He had no objection to the proposal but it was inappropriate to a document setting forth general principles. He suggested it be deleted here and taken up in connection with the establishment of a procedure for receipts.

Mr. Sokolowski added that the Government did not have to accept goods or could accept goods and note on the receipts that they were in such and such condition. This would not affect the volume of supplies, since the country was on a non-paying basis and the Administration would make supplies available to the limit of its resources. Yugoslavia was entitled to help but has no fixed credit and payment is not affected.

Dr. Bicanic stated that he was willing to accept Mr. Feller's proposal that the matter be left to discussion of the establishment of procedure for receipts. He would like a note indicating that this problem would be taken up at that time. Mr. Feller agreed.

Paragraph (c). Mr. Feller pointed out that in place of "consult" the Administration had substituted "the Government will discuss with the Administration and receive the Administration's views with respect to". The Administration wanted to know what the Government's plans were with respect to equitable distribution of UNRRA supplies. This includes how you get out the supplies, to whom they go, prices to be charged, system for enforcement of equitable distribution and price control, and facilities and methods of physical distribution.

Dr. Bicanic stated that the terms could be interpreted in different ways. He preferred a more general or a more specific statement.

Mr. Feller added that the Administration had just so much supplies and that it had to have assurance that these supplies were going to be equitably distributed. The Administration will have to appear before the Congress of the United States. Questions will be asked. It will not be possible for the Administration to say that we did not discuss the plans by which the supplies were to be distributed and that it had not satisfied itself in these matters. Dr. Bicanic stated that this paragraph could be interpreted so that the total economy of the country would be under the scrutiny of the Administration. Mr. Feller disagreed and stated that the provisions had been made just as narrow as possible and still provide assurances to the Administration. Dr. Bicanic stated that he would like to find a more satisfactory formula. Mr. Feller had no objection to the suggestion of more specific wording but the minimum provisions

were already incorporated. Dr. Bicanic thought that an extremely large burden would be placed upon the Government in providing such information. Mr. Feller remarked that this provision actually represented a cutting down of Resolution 7; for example, no discussion was requested with regard to remuneration of wholesalers and retailers or steps for combatting inflation. Dr. Bicanic stated that Resolution 7 does not refer to actions of the Administration but to those of the Government and there was no requirement in this Resolution except that the Government fully informed the Director General concerning the distribution of supplies. Mr. Feller was agreeable to omitting reference to "specific prices" in sub-paragraph (iii) in the light of the difficulties of discussing hundreds of specific prices.

Paragraph (d). Mr. Feller pointed out that "full" had been deleted in reference to "full opportunity"; "authorities designated by the Government" had been inserted as a limiting phrase in connection with consultation arising out of observance and inspection of distribution; reference to access to "other places" had been deleted and access to "records" substituted for the enumeration. Also the provision for issuance of certificates by the Government to UNRRA personnel engaged in inspection had been inserted as suggested by the Government. Reference to "the movement and distribution of goods" was not limited to UNRRA goods; Mr. Feller would like to keep this point open until agreement in the military period had been concluded on this matter.

Dr. Bicanic did not express agreement or disagreement on this revised paragraph.

Paragraph (e). Dr. Bicanic agreed to drop his earlier request to insert a reference to problems of security and speculation affected by publicity.

(Note: The subsequent discussion relates to the draft submitted by the Yugoslav Delegation.)

(5) Article IV - Financial Provisions

Paragraph (a). Mr. Feller stated that pursuant to previous discussions, the original Administration draft of this paragraph would be kept but that "inform" would be substituted for "consult", and that "policy of free distribution" would be substituted for "program of free distribution". Dr. Bicanic agreed on the paragraph as revised.

Mr. Sokolowski stated that he would like to reserve judgment on the substitution of "inform" for "consult". He would like to see the Government discuss the price to be charged for each commodity brought in by the Administration. Dr. Bicanic replied that this was impractical, that hundreds or thousands of prices would be involved, that they would be constantly changing and that the Government could not agree to delay any price changes pending discussion with the Administration.

Mr. Sokolowski suggested that it might be possible to work out a lump sum payment in local currency by the Government and for this purpose it would be necessary to agree upon a price for each commodity. Under this scheme the setting of prices after the goods had been turned over to the Government would be entirely in the hands of the Government. Mr. Gottlieb pointed out that such a plan would mean that the Government was buying the supplies, the only difference being that they were paying for them in Yugoslav currency instead of foreign exchange. He felt that this was contrary to the principles of UNRRA. Dr. Bicanic added that in the light of Mr. Sokolowski's remarks, he would want to examine paragraph (c) dealing with the use of the Yugoslav currency holdings with great care since he thought that Mr. Sokolowski's plan was going pretty far.

Paragraph (b). Mr. Feller stated that the provision that only "such part of the proceeds as may be agreed upon by special arrangement" would be made available to the Administration was not acceptable. The Administration meant that all of the proceeds should be made available; net, as distinguished from gross proceeds, were meant. This was the Director General's position. As to the arrangement for use of the National Bank of Yugoslavia, Mr. Sokolowski was agreeable.

Paragraph (c). Mr. Feller stated that the addition at the end of the paragraph of the phrase "in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia" was satisfactory.

Paragraph (d). It was agreed that the term "when" in the last sentence of this paragraph would be changed back to "if".

Paragraph (e). Mr. Feller noted that the specified purposes which might form the bases of agreements for use of local currency had been omitted. The Administration thought

that the inclusion of these sub-paragraphs would serve as an important guide although there was no binding commitment to agree. The Administration had made important concessions and he was not sure that it had overstepped its authority under Resolution 20. Some persons were of the opinion that the Administration was obligated not to use foreign exchange for transport through a country. It was decided to leave this open as a matter for negotiation. Dr. Bicanic doubted whether the provisions of sub-paragraph (ii) would actually arise in the relief period since Yugoslavia would need to use its own experts to obtain essential supplies not provided by the Administration. Mr. Feller pointed out that there was a limitation in this sub-paragraph that such exports would not be made unless consistent with the economic requirements of the country. However, it might be that Yugoslavia might have some surplus commodities which could not be exported for foreign exchange -- e.g., to Greece, but which were needed in another area. Also the Administration might bring into the country raw materials for export by the country. This latter arrangement would serve to give employment and would be for the benefit of the country.

Dr. Bicanic stated that the first two sub-paragraphs would be very unpopular in Yugoslavia and he would like to add a paragraph indicating that the local currency might be used for building hospitals and for related purposes in the country. Mr. Feller agreed to this proposal and agreed also to place the provisions for expending the currency for relief and rehabilitation in Yugoslavia ahead of the other provisions. Dr. Bicanic agreed to submit proposed language for this purpose.

Omitted paragraph (paragraph (f) in Administration Draft).

Mr. Feller stated that the Administration was agreeable to deleting the provision for maintaining the value of the Administration's currency holdings. The Administration would like, however, to reserve the right to approach the Government at a later date and discuss and reach an understanding for affording any protection for the Administration's holdings which might be afforded to others in the future. Mr. Sokolowski stated that he would not like to see this provision omitted. Dr. Bicanic stated that it was unacceptable.

Paragraph (f). It was agreed that this paragraph was satisfactory with the deletion of reference to "purposes agreed upon under (c)".

(6) Article V - Personnel.

It was agreed that this article was satisfactory subject to the revisions agreed to in the previous meeting and as reported in the minutes thereof.

(7) Article VI - Facilities, Privileges, and Immunities

Mr. Feller stated that he had no objection to the enumeration of the facilities, privileges and immunities but that they must be stated in the words of the Council resolutions. The proposal in the Yugoslav draft considerably narrowed these privileges. All contributing governments have provided these provisions and yet the Government of Yugoslavia, which will benefit by the Administration's operations, is unwilling to grant them in full. Dr. Bicanic explained that his concern arose over the fact that the Administration would be engaged in large operations, that it might have as many as 200 premises within the country, that these premises might be used as sanctuaries from Yugoslav authorities. This was a problem far different from the granting of privileges to a small diplomatic group.

Mr. Feller pointed out that privileges with respect to foreign exchange control had been omitted. Dr. Bicanic did not think that the large number of UNRRA personnel could be allowed to be free from exchange control. Mr. Feller pointed out that only two immunities for personnel were requested: immunity from legal process and taxation and that these applied only with respect to the performance of their official functions.

Dr. Bicanic agreed to eliminate the distinction between different types of UNRRA personnel with respect to immunities. Mr. Feller pointed out that the Yugoslav draft also omitted reference to paragraph 2 of Resolution 32. Dr. Bicanic stated that this was an oversight.

Mr. Feller stated that the Administration would undertake to redraft Article VI in the light of the above discussion.

(8) Article VII - Taxation

There was considerable discussion as to whether the exemption from taxation related only to the relief and rehabilitation work for Yugoslavia or to all activities of the Administration. Mr. Feller made it clear that all activities were intended to be exempt by the terms of the Resolutions. Dr. Bicanic pointed out that a problem is presented as to whether the Administration would make payroll deductions and

make the employer's contribution for social insurance taxes. Mr. Feller agreed that the Administration would be glad to work out a procedure on this point with the Government.

(9) Article VIII - Reports and Records

Mr. Schachter stated that we would like to reinsert the provision for consultation on records. Dr. Bicanic agreed to this proposal provided the term "discussion" were used. Mr. Schachter pointed out that reference to access to records had been omitted, presumably on the grounds that it repeated the similar provision in the article dealing with distribution. It was agreed that this provision would be reinserted with the addition of a reciprocal arrangement whereby the Administration would make its reports available to the Government.

(10) Article IX

It was agreed that this article would be dropped.

Future Action:

The next meeting will be held on Friday at 10 a.m. in Mr. Feller's office.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch.

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATIVE TO BASIC AGREEMENT

4 and 6 November 1944

Present: Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA Representatives

Messrs. Feller, Menshikov, Hendrickson, ~~and~~ Weintraub,
(Weintraub), Jackson (Lacy), Sokolowski,
Sayre (Veatch), Polak, Gordon, and Schachter

(Note: The discussion of Articles I, II, and III relate to the second draft submitted by the Administration; the remaining articles to the draft submitted by the Yugoslav Delegation).

(1) Preamble

Mr. Feller pointed out that the fourth paragraph referring to the devastation in Yugoslavia had been inserted as requested by Dr. Bicanic; also paragraph 6 was revised as requested. Dr. Bicanic agreed that the preamble was satisfactory as revised.

(2) Article I - Furnishing of Supplies and Services

Paragraph (a). Dr. Bicanic agreed that the revised paragraph was satisfactory if the term "upon termination of" were substituted for "as soon as possible" in the first sentence. Mr. Feller agreed.

Paragraph (b). Dr. Bicanic submitted an amended draft of Mr. Hendrickson's proposal referred to on page 4 of the minutes.

After considerable discussion, the following was agreed to:

"The Government will present schedules of supplies it desires monthly for periods of at least six months in advance of the time the supplies are desired. These schedules will provide insofar as possible quantities, specifications, and points for the delivery of the supplies. In recognition of many uncertainties including the uncertainty of the volume of shipping the Administration can obtain, the Government will also present priorities covering a period of at least three months with respect to supplies it desires, to guide the Administration in

case the full amounts requested by the Government cannot be supplied. In turn, the Administration will state its program of supplies to be delivered in response to the Government's request, giving notice as far in advance as practicable, but at least three months ahead of the probable arrival of the supplies in ports of entry for Yugoslavia. The Administration will be glad, through the authorized representative, to discuss its plans for supplies and communicate any changes therein at any time and to obtain from the Government its proposals for change in the plans."

Dr. Bicanic made the following remarks in the course of discussing the problem: (1) his Government wanted a statement of the Administration program which would state the areas of certainty and uncertainty so that his Government could plan its own program. (2) He wanted the right to ask and receive an explanation of deviations from the program and (3) nothing in the procedure agreed upon should delay the commencement of the UNRRA program after termination of the military period. Mr. Feller and Mr. Weintraub made it clear that no binding agreement or promise could be made and that matters other than shipping could affect the program.

(3) Article II - Administration of services

There was agreement on this article.

(4) Article III - Transfer and Distribution of Supplies

Paragraph (a). Agreed.

Paragraph (b). Mr. Feller stated that his instructions were that this was the minimum which could be accepted. He explained that the transfer of goods would be made from time to time between the Yugoslav Government and the Mission Chief. Agreement could be at any specified point: port, warehouse in the country, or outside the country.

Dr. Bicanic stated that this arrangement was unacceptable, that it left the question open. His Government would be in an indefinite and uncertain situation. Why did this provision have to be so?

Mr. Feller replied that he was under specific instruction on this point and had no right to deviate. Dr. Bicanic would have to discuss this with the Director General.

As to the provision for arbitration in the Yugoslav draft, Mr. Feller pointed out that this was part of a larger process.

There would need to be receipts. He had no objection to the proposal but it was inappropriate to a document setting forth general principles. He suggested it be deleted here and taken up in connection with the establishment of a procedure for receipts.

Mr. Sokolowski added that the Government did not have to accept goods or could accept goods and note on the receipts that they were in such and such condition. This would not affect the volume of supplies, since the country was on a non-paying basis and the Administration would make supplies available to the limit of its resources. Yugoslavia was entitled to help but has no fixed credit and payment is not affected.

Dr. Bicanic stated that he was willing to accept Mr. Feller's proposal that the matter be left to discussion of the establishment of procedure for receipts. He would like a note indicating that this problem would be taken up at that time. Mr. Feller agreed.

Paragraph (c). Mr. Feller pointed out that in place of "consult" the Administration had substituted "the Government will discuss with the Administration and receive the Administration's views with respect to". The Administration wanted to know what the Government's plans were with respect to equitable distribution of UNRRA supplies. This includes how you get out the supplies, to whom they go, prices to be charged, system for enforcement of equitable distribution and price control, and facilities and methods of physical distribution.

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Mr. Feller added that the Administration had just so much supplies and that it had to have assurance that these supplies were going to be equitably distributed. The Administration will have to appear before the Congress of the United States. Questions will be asked. It will not be possible for the Administration to say that we did not discuss the plans by which the supplies were to be distributed and that it had not satisfied itself in these matters. Dr. Bicanic stated that this paragraph could be interpreted so that the total economy of the country would be under the scrutiny of the Administration. Mr. Feller disagreed and stated that the provisions had been made just as narrow as possible and still provide assurances to the Administration. Dr. Bicanic stated that he would like to find a more satisfactory formula. Mr. Feller had no objection to the suggestion of more specific wording but the minimum provisions

were already incorporated. Dr. Bicanic thought that an extremely large burden would be placed upon the Government in providing such information. Mr. Feller remarked that this provision actually represented a cutting down of Resolution 7; for example, no discussion was requested with regard to remuneration of wholesalers and retailers or steps for combatting inflation. Dr. Bicanic stated that Resolution 7 does not refer to actions of the Administration but to those of the Government and there was no requirement in this Resolution except that the Government fully informed the Director General concerning the distribution of supplies. Mr. Feller was agreeable to omitting reference to "specific prices" in sub-paragraph (iii) in the light of the difficulties of discussing hundreds of specific prices.

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(Note: The subsequent discussion relates to the draft submitted by the Yugoslav Delegation.)

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Omitted paragraph (Paragraph (f) in Administration Draft).

Mr. Feller stated that the Administration was agreeable to deleting the provision for maintaining the value of the Administration's currency holdings. The Administration would like, however, to reserve the right to approach the Government at a later date and discuss and reach an understanding for affording any protection for the Administration's holdings which might be afforded to others in the future. Mr. Sokolowski stated that he would not like to see this provision omitted. Dr. Bicanic stated that it was unacceptable.

Paragraph (f). It was agreed that this paragraph was satisfactory with the deletion of reference to "purposes agreed upon under (c)".

(6) Article V - Personnel.

It was agreed that this article was satisfactory subject to the revisions agreed to in the previous meeting and as reported in the minutes thereof.

(7) Article VI - Facilities, Privileges, and Immunities

Mr. Feller stated that he had no objection to the enumeration of the facilities, privileges and immunities but that they must be stated in the words of the Council resolutions. The proposal in the Yugoslav draft considerably narrowed these privileges. All contributing governments have provided these provisions and yet the Government of Yugoslavia, which will benefit by the Administration's operations, is unwilling to grant them in full. Dr. Bicanic explained that his concern arose over the fact that the Administration would be engaged in large operations, that it might have as many as 200 premises within the country, that these premises might be used as sanctuaries from Yugoslav authorities. This was a problem far different from the granting of privileges to a small diplomatic group.

Mr. Feller pointed out that privileges with respect to foreign exchange control had been omitted. Dr. Bicanic did not think that the large number of UNRRA personnel could be allowed to be free from exchange control. Mr. Feller pointed out that only two immunities for personnel were requested: immunity from legal process and taxation and that these applied only with respect to the performance of their official functions.

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There was considerable discussion as to whether the exemption from taxation related only to the relief and rehabilitation work for Yugoslavia or to all activities of the Administration. Mr. Feller made it clear that all activities were intended to be exempt by the terms of the Resolutions. Dr. Bicanic pointed out that a problem is presented as to whether the Administration would make payroll deductions and

make the employer's contribution for social insurance taxes. Mr. Feller agreed that the Administration would be glad to work out a procedure on this point with the Government.

(9) Article VIII - Reports and Records

Mr. Schachter stated that we would like to reinsert the provision for consultation on records. Dr. Bicanic agreed to this proposal provided the term "discussion" were used. Mr. Schachter pointed out that reference to access to records had been omitted, presumably on the grounds that it repeated the similar provision in the article dealing with distribution. It was agreed that this provision would be reinserted with the addition of a reciprocal arrangement whereby the Administration would make its reports available to the Government.

(10) Article IX

It was agreed that this article would be dropped.

Future Action:

The next meeting will be held on Friday at 10 a.m. in Mr. Feller's office.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

Yugoslavia

14

4 November 1944

To: Michail Menshikov
From: George Kanthaky
Subject: Negotiation of UNRRA Agreement for Yugoslavia --
Information received from Bari.

I have just learned that a cable has been received in the War Department from Sir William Matthews and addressed to UNRRA.

Matthews reports that he has received a cable from Allen Hall, who is an observer for UNRRA in the discussions between the US and UK military and the Yugoslav authorities. Hall reports that:

(1) Dr. Bicanic is not in possession of all relevant facts for general negotiations due to the position of the United Yugoslav Government following Tito-Subasic conversations at Bari.

(2) The supply requirements estimates being presented by Dr. Bicanic must be modified considerably in the light of latest information.

(3) An immediate meeting between UNRRA and Yugoslav supply experts is needed in order to prepare estimates and priorities for the post-military period, first six months.

(4) Permission is requested by Mr. Hall of Matthews to meet with the "highest Yugoslav authorities" who are expected in Bari within five days for general discussions.

Matthews advises us that he has instructed Hall that he, on no account, discuss post-military period matters as proposed in the last item above while negotiations are proceeding thereon in Washington. However, Matthews points out to us that Subasic may instruct Dr. Bicanic to discontinue conversations in Washington and transfer them elsewhere. On this point Matthews would like immediate instruction from headquarters.

4 November 1944

Matthews believes that the sole practical solution is for high-ranking UNRRA officers to proceed immediately from Washington with full authority to negotiate a post-military agreement with the Yugoslavs at a place to be designated by the "United Yugoslav Government".

F

4 November 1944

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Mr. Menshikov

-2-

4 November 1944

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F
14

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

4 November 1944

Present: Yugoslav Delegation

Dr. Bicanic

UNRRA Representatives

Messrs. Feller, Jackson, Menshikov, Hendrickson,
Xanthaky, Schachter, and Gordon.

(1) Continuance of Negotiations

Mr. Feller stated that the UNRRA's Cairo office has raised a question as to whether the discussions on the basic agreement should not be transferred to Bari. Dr. Bicanic replied that he had authority from his Government to negotiate an agreement. (Note: Although Dr. Bicanic did not say that he had authority from Tito, he implied that he represented Tito's viewpoint also). Dr. Bicanic added that he did not know whether the new situation with respect to the formation of a United Government would change his present instructions. He had no information on this point and he was continuing under his present instructions. Mr. Feller stated that if those were Dr. Bicanic's instructions, we ought to proceed with the discussions. Dr. Bicanic did not want his right to discuss the agreement questioned by the Administration. Mr. Feller replied that the Administration was not in any way questioning his authority but the Administration would like, however, to keep the discussions with Dr. Bicanic sufficiently flexible so that we could shift discussions if the Government so requested. Dr. Bicanic stated that he could notify his Government if this were our position. Mr. Feller stated that we were merely trying to get our minds clear in the light of queries from Cairo, that Mr. Jackson was going to Italy and would inform our people over there as to Dr. Bicanic's wishes in this matter. He wanted to make it clear that we are interested in having the discussions continue here and that we merely wanted to know what Dr. Bicanic's views on this matter were.

(2) Preamble

Dr. Bicanic stated that he would like to insert in the fourth paragraph of the preamble resolution no. 56 which provides that special weight and urgency be given to the needs of

(Note: All references to paragraphs are those of the substitute draft submitted by the Yugoslav Delegation).

countries suffering greater devastation. Mr. Feller had some question about the inclusion of reference to "greater devastation" because this would present a real problem if each country made a similar claim. He would want to consider this point carefully.

(3) Article V - Personnel

Dr. Bicanic suggested that the Article dealing with personnel more logically belonged ahead of the Article on facilities, privileges and immunities of personnel. Mr. Feller agreed on this point.

Paragraph (a). Dr. Bicanic agreed that the phrase "within the limits of the Administration's resources" which appears in the first sentence could be inserted in the second sentence after the word "include".

Mr. Feller suggested that the term "plans" in the third sentence relating to "plans for relief and rehabilitation requirements" be omitted and added later in the sentence so that the part of the sentence dealing with Article III would read as follows: "in connection with the distribution of supplies pursuant to plans agreed to in Article III".

Mr. Feller could see no objection to reference to the Mission and to the headquarters of the Mission being located at the seat of the Government.

Paragraph (b). Mr. Feller could see no objection to the head of the Mission being appointed after previous agreement on the part of the Government. However, he had some question as to the Administration communicating to the Government the power delegated to the head of the Mission. Dr. Bicanic explained that the Government would like to know the competence of the Chief of the Mission. Mr. Feller stated that there would be a general directive to the Chief of the Mission but the powers stated therein will be contracted and expanded from day to day. We could say that the Administration will inform the Government of the general powers of the Chief of the Mission. It was agreed that this point would be left open and something would be worked out along these lines.

Paragraphs (c) and (d). These are the same as paragraphs (b) and (c) of the Administration draft.

Paragraph (e). Dr. Bicanic explained that the change in the recall provision had been suggested on the grounds that it would be easier for the Government to grant privileges and

immunities if this safeguard were included. Mr. Feller suggested that the Administration could go so far as to say: "The Government may call to the attention of the Administration any violation of these standards by Administration personnel", as an addition to the original language of the Administration draft.

(4) Article VI

Dr. Bicanic explained that the Yugoslav Delegation thought it more desirable to have a specific enumeration of the privileges to be afforded UNRRA personnel because certain privileges might not be extended to all members of the Mission. For example, Yugoslav nationals could not have the same exemptions as nationals of other countries. The Government would like to receive a diplomatic list with the privileges to be afforded to each group.

Mr. Feller stated that the Administration had avoided spelling out the privileges, that if this was the desire of the Yugoslav Delegation, he would want to draft our own ideas on the subject.

Mr. Schachter stated that immunity from suit is not provided for except in an extremely narrow way in the Yugoslav draft. Dr. Bicanic stated that the reason for this was that the Administration might become involved in commercial operations relating to relief and rehabilitation for other countries and that in this capacity would establish contractual relationships which should not be immune from suit. Mr. Schachter did not agree that the Administration would engage in commercial operations but stated that the Administration would be working through the Government. Mr. Feller added that in a country in which the sole activity of the Administration is commercial, the Administration has such immunities. For example, Great Britain. Therefore, the Administration could not agree to a lesser degree of immunity in Yugoslavia than in these countries. The Administration stands on the principles in resolution 32, and the Administration has no right to waive generally these provisions. Dr. Bicanic replied that he did not insist on the particular text which he had submitted but should not resolution 32 be concretized? Mr. Feller added that the Administration could not be placed in a worse position than the Greek Government; for example, by being liable to suits. In any event, this was the lawyer's business and he would review the draft and present the Administration's point of view.

(5) Proposed Provision in Yugoslav Draft for 6 Month Plan,
3 Month Operational Program and Related Procedure.

Mr. Feller requested Mr. Hendrickson to present his views on the proposals on the Yugoslav draft of the agreement for mutual agreement on a 6 month plan, a 3 month operational program, with specific commitments by the Administration.

Mr. Hendrickson stated that he understood what Dr. Bicanic had in mind and sympathized with their position. However, there were many factors of uncertainty which did not make such an arrangement possible. He wondered whether the following substitute provisions might not meet the needs of the Yugoslav Government:

"The Government will present schedules of supplies it desires to obtain in advance of the first shipments of goods by the Administration, such schedules to show monthly needs for a period of six months. In recognition of the uncertainty of the volume of shipping the Administration can obtain for shipments, the Government will also present priorities with respect to supplies it desires to guide the Administration in case the full amounts requested by the Government cannot be supplied.

"After shipments have begun the Government will present schedules of supplies it desires monthly, together with priorities for periods of at least three months in advance of the time the schedules and priorities are presented. In turn, the Administration will state what it plans to supply in response to the Government's request in advance of shipment, giving notice as far in advance as practical in the light of the availability of supplies, shipping and Administration's resources. The Government shall indicate promptly if it desires that any plans for shipment should be cancelled and the Administration, in event of such a request, will adjust its plans to ship promptly.

"As soon as it is possible for the Administration to obtain guarantees of supplies and shipping for three months in advance of shipment, it will notify the Government. The Administration will be glad, through the authorized representative, to discuss its plans for supplies at any time and to obtain from the Government its proposals for change in the plans."

Dr. Bicanic stated that in some ways this proposal gave more than he was asking, in others less. Mr. Feller stated

that the Administration could not agree to the proposals in the Yugoslav draft because we did not have the basic conditions for making commitments of this type, due to the fact that the Administration is dependent on others. For example, the shipping is not within the power of the Administration which is merely one of several claimants. At the same time UNRRA is acting as claimant for several countries and the need for shipping is constantly changing. Supplies are drawn from general stockpiles over which the Administration has no control.

Dr. Bicanic replied that uncertainty is a relative matter, that if the Administration did not have the supplies procured and ready for shipment 3 months ahead, they would not be in Yugoslavia within 3 months. By a 3 month plan he meant a plan 3 months before arrival of supplies, not their shipment. Mr. Feller explained that the Government would receive notice of each ship leaving for Yugoslavia but that it is difficult to say that on a certain day the Administration is going to load a specified ship with such and such supplies and the specific day on which the supplies will arrive. It seemed to Mr. Feller that the Yugoslav Delegation was seeking three things: (1) consultation on supplies; the Administration agreed that this should not be a unilateral action but that the Administration would send Yugoslavia what it wanted and would work it out together. (2) knowledge of what was going to arrive in the country; this information would be available by notification of arrival of ships. (3) agreement -- i.e., a commitment by the Administration to furnish stated supplies; the Administration could not so commit itself since it will have orders from all over the world which it cannot meet. These supplies will be filled by people over whom the Administration has no control and will be shipped with transport which is not controlled by the Administration.

Dr. Bicanic agreed that he would review the substitute proposed by Mr. Hendrickson.

(6) Provision for Arbitration of Disputed Shipments

There was considerable discussion of the proposal for arbitration contained in the Yugoslav draft. In general the position of the Administration representatives was that such provision served no practical purpose, involved unnecessary red tape and implied a commercial relationship which did not in fact exist. Dr. Bicanic argued that there was a need for fixing responsibility in this matter.

(7) Future Action

Mr. Feller summarized the general and basic questions which would require further discussion and disposition: (1) the problem described in paragraph (5) above; (2) the point at which supplies become the property of the Government; (3) provision for inspection and consultation of distribution; (4) the financial provisions; (5) minor questions relating to personnel; (6) enumeration of provisions and immunities which the Administration believed necessary.

Mr. Feller anticipated that only a few additional meetings would be necessary. The next conference was set for 6 November 1944.

Attachment:

Copy of draft submitted
by Yugoslav Delegation.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch.

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

4 and 6 November 1944

Present: Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA Representatives

Messrs. Feller, Menshikov, Hendrickson, Hendrickson
(Weintraub), Jackson (Lacy), Sokolowski,
Sayre (Veatch), Polak, Gordon, and Schachter

(Note: The discussion of Articles I, II, and III relate to the second draft submitted by the Administration; the remaining articles to the draft submitted by the Yugoslav delegation).

(1) Preamble

Mr. Feller pointed out that the fourth paragraph referring to the devastation in Yugoslavia had been inserted as requested by Dr. Bicanic; also paragraph 6 was revised as requested. Dr. Bicanic agreed that the preamble was satisfactory as revised.

(2) Article I - Furnishing of Supplies and Services

Paragraph (a). Dr. Bicanic agreed that the revised paragraph was satisfactory if the term "upon termination of" were substituted for "as soon as possible" in the first sentence. Mr. Feller agreed.

Paragraph (b). Dr. Bicanic submitted an amended draft of Mr. Hendrickson's proposal referred to on page 4 of the minutes.

After considerable discussion, the following was agreed to:

"The Government will present schedules of supplies it desires monthly for periods of at least six months in advance of the time the supplies are desired. These schedules will provide insofar as possible quantities, specifications, and points for the delivery of the supplies. In recognition of many uncertainties including the uncertainty of the volume of shipping the Administration can obtain, the Government will also present priorities covering a period of at least three months with respect to supplies it desires, to guide the Administration in

case the full amounts requested by the Government cannot be supplied. In turn, the Administration will state its program of supplies to be delivered in response to the Government's request, giving notice as far in advance as practicable, but at least three months ahead of the probable arrival of the supplies in ports of entry for Yugoslavia. The Administration will be glad, through the authorized representative, to discuss its plans for supplies and communicate any changes therein at any time and to obtain from the Government its proposals for change in the plans."

Dr. Bicanic made the following remarks in the course of discussing the problem: (1) his Government wanted a statement of the Administration program which would state the areas of certainty and uncertainty so that his Government could plan its own program. (2) He wanted the right to ask and receive an explanation of deviations from the program and (3) nothing in the procedure agreed upon should delay the commencement of the UNHRA program after termination of the military period. Mr. Feller and Mr. Weintraub made it clear that no binding agreement or promise could be made and that matters other than shipping could affect the program.

(3) Article II - Administration of Services

There was agreement on this article.

(4) Article III - Transfer and Distribution of Supplies

Paragraph (a). Agreed.

Paragraph (b). Mr. Feller stated that his instructions were that this was the minimum which could be accepted. He explained that the transfer of goods would be made from time to time between the Yugoslav Government and the Mission Chief. Agreement could be at any specified point: port, warehouse in the country, or outside the country.

Dr. Bicanic stated that this arrangement was unacceptable, that it left the question open. His Government would be in an indefinite and uncertain situation. Why did this provision have to be so?

Mr. Feller replied that he was under specific instruction on this point and had no right to deviate. Dr. Bicanic would have to discuss this with the Director General.

As to the provision for arbitration in the Yugoslav draft, Mr. Feller pointed out that this was part of a larger process.

There would need to be receipts. He had no objection to the proposal but it was inappropriate to a document setting forth general principles. He suggested it be deleted here and taken up in connection with the establishment of a procedure for receipts.

Mr. Sokolowski added that the Government did not have to accept goods or could accept goods and note on the receipts that they were in such and such condition. This would not affect the volume of supplies, since the country was on a non-paying basis and the Administration would make supplies available to the limit of its resources. Yugoslavia was entitled to help but has no fixed credit and payment is not affected.

Dr. Bicanic stated that he was willing to accept Mr. Feller's proposal that the matter be left to discussion of the establishment of procedure for receipts. He would like a note indicating that this problem would be taken up at that time. Mr. Feller agreed.

Paragraph (c). Mr. Feller pointed out that in place of "consult" the Administration had substituted "the Government will discuss with the Administration and receive the Administration's views with respect to". The Administration wanted to know what the Government's plans were with respect to equitable distribution of UNRRA supplies. This includes how you get out the supplies, to whom they go, prices to be charged, system for enforcement of equitable distribution and price control, and facilities and methods of physical distribution.

Dr. Bicanic stated that the terms could be interpreted in different ways. He preferred a more general or a more specific statement.

Mr. Feller added that the Administration had just so much supplies and that it had to have assurance that these supplies were going to be equitably distributed. The Administration will have to appear before the Congress of the United States. Questions will be asked. It will not be possible for the Administration to say that we did not discuss the plans by which the supplies were to be distributed and that it had not satisfied itself in these matters. Dr. Bicanic stated that this paragraph could be interpreted so that the total economy of the country would be under the scrutiny of the Administration. Mr. Feller disagreed and stated that the provisions had been made just as narrow as possible and still provide assurances to the Administration. Dr. Bicanic stated that he would like to find a more satisfactory formula. Mr. Feller had no objection to the suggestion of more specific wording but the minimum provisions

were already incorporated. Dr. Bicanic thought that an extremely large burden would be placed upon the Government in providing such information. Mr. Feller remarked that this provision actually represented a cutting down of Resolution 7; for example, no discussion was requested with regard to remuneration of wholesalers and retailers or steps for combatting inflation. Dr. Bicanic stated that Resolution 7 does not refer to actions of the Administration but to those of the Government and there was no requirement in this Resolution except that the Government fully informed the Director General concerning the distribution of supplies. Mr. Feller was agreeable to omitting reference to "specific prices" in sub-paragraph (iii) in the light of the difficulties of discussing hundreds of specific prices.

Paragraph (d). Mr. Feller pointed out that "full" had been deleted in reference to "full opportunity"; "authorities designated by the Government" had been inserted as a limiting phrase in connection with consultation arising out of observance and inspection of distribution; reference to access to "other places" had been deleted and access to "records" substituted for the enumeration. Also the provision for issuance of certificates by the Government to UNRRA personnel engaged in inspection had been inserted as suggested by the Government. Reference to "the movement and distribution of goods" was not limited to UNRRA goods; Mr. Feller would like to keep this point open until agreement in the military period had been concluded on this matter.

Dr. Bicanic did not express agreement or disagreement on this revised paragraph.

Paragraph (e). Dr. Bicanic agreed to drop his earlier request to insert a reference to problems of security and speculation affected by publicity.

(Note: The subsequent discussion relates to the draft submitted by the Yugoslav Delegation.)

(5) Article IV - Financial Provisions

Paragraph (a). Mr. Feller stated that pursuant to previous discussions, the original Administration draft of this paragraph would be kept but that "inform" would be substituted for "consult", and that "policy of free distribution" would be substituted for "program of free distribution". Dr. Bicanic agreed on the paragraph as revised.

Mr. Sokolowski stated that he would like to reserve judgment on the substitution of "inform" for "consult". He would like to see the Government discuss the price to be charged for each commodity brought in by the Administration. Dr. Bicanic replied that this was impractical, that hundreds or thousands of prices would be involved, that they would be constantly changing and that the Government could not agree to delay any price changes pending discussion with the Administration.

Mr. Sokolowski suggested that it might be possible to work out a lump sum payment in local currency by the Government and for this purpose it would be necessary to agree upon a price for each commodity. Under this scheme the setting of prices after the goods had been turned over to the Government would be entirely in the hands of the Government. Mr. Gottlieb pointed out that such a plan would mean that the Government was buying the supplies, the only difference being that they were paying for them in Yugoslav currency instead of foreign exchange. He felt that this was contrary to the principles of UNRRA. Dr. Bicanic added that in the light of Mr. Sokolowski's remarks, he would want to examine paragraph (c) dealing with the use of the Yugoslav currency holdings with great care since he thought that Mr. Sokolowski's plan was going pretty far.

Paragraph (b). Mr. Feller stated that the provision that only "such part of the proceeds as may be agreed upon by special arrangement" would be made available to the Administration was not acceptable. The Administration meant that all of the proceeds should be made available; net; as distinguished from gross proceeds, were meant. This was the Director General's position. As to the arrangement for use of the National Bank of Yugoslavia, Mr. Sokolowski was agreeable.

Paragraph (c). Mr. Feller stated that the addition at the end of the paragraph of the phrase "in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia" was satisfactory.

Paragraph (d). It was agreed that the term "when" in the last sentence of this paragraph would be changed back to "if".

Paragraph (e). Mr. Feller noted that the specified purposes which might form the bases of agreements for use of local currency had been omitted. The Administration thought

that the inclusion of these sub-paragraphs would serve as an important guide although there was no binding commitment to agree. The Administration had made important concessions and he was not sure that it had overstepped its authority under Resolution 20. Some persons were of the opinion that the Administration was obligated not to use foreign exchange for transport through a country. It was decided to leave this open as a matter for negotiation. Dr. Bicanic doubted whether the provisions of sub-paragraph (ii) would actually arise in the relief period since Yugoslavia would need to use its own exports to obtain essential supplies not provided by the Administration. Mr. Feller pointed out that there was a limitation in this sub-paragraph that such exports would not be made unless consistent with the economic requirements of the country. However, it might be that Yugoslavia might have some surplus commodities which could not be exported for foreign exchange -- e.g., to Greece, but which were needed in another area. Also the Administration might bring into the country raw materials for export by the country. This latter arrangement would serve to give employment and would be for the benefit of the country.

Dr. Bicanic stated that the first two sub-paragraphs would be very unpopular in Yugoslavia and he would like to add a paragraph indicating that the local currency might be used for building hospitals and for related purposes in the country. Mr. Feller agreed to this proposal and agreed also to place the provisions for expending the currency for relief and rehabilitation in Yugoslavia ahead of the other provisions. Dr. Bicanic agreed to submit proposed language for this purpose.

Omitted paragraph (Paragraph (f) in Administration Draft).

Mr. Feller stated that the Administration was agreeable to deleting the provision for maintaining the value of the Administration's currency holdings. The Administration would like, however, to reserve the right to approach the Government at a later date and discuss and reach an understanding for affording any protection for the Administration's holdings which might be afforded to others in the future. Mr. Sokolowski stated that he would not like to see this provision omitted. Dr. Bicanic stated that it was unacceptable.

Paragraph (f). It was agreed that this paragraph was satisfactory with the deletion of reference to "purposes agreed upon under (c)".

(6) Article V - Personnel.

It was agreed that this article was satisfactory subject to the revisions agreed to in the previous meeting and as reported in the minutes thereof.

(7) Article VI - Facilities, Privileges, and Immunities

Mr. Feller stated that he had no objection to the enumeration of the facilities, privileges and immunities but that they must be stated in the words of the Council resolutions. The proposal in the Yugoslav draft considerably narrowed these privileges. All contributing governments have provided these provisions and yet the Government of Yugoslavia, which will benefit by the Administration's operations, is unwilling to grant them in full. Dr. Bicanic explained that his concern arose over the fact that the Administration would be engaged in large operations, that it might have as many as 200 premises within the country, that these premises might be used as sanctuaries from Yugoslav authorities. This was a problem far different from the granting of privileges to a small diplomatic group.

Mr. Feller pointed out that privileges with respect to foreign exchange control had been omitted. Dr. Bicanic did not think that the large number of UNRRA personnel could be allowed to be free from exchange control. Mr. Feller pointed out that only two immunities for personnel were requested: immunity from legal process and taxation and that these applied only with respect to the performance of their official functions.

Dr. Bicanic agreed to eliminate the distinction between different types of UNRRA personnel with respect to immunities. Mr. Feller pointed out that the Yugoslav draft also omitted reference to paragraph 2 of Resolution 32. Dr. Bicanic stated that this was an oversight.

Mr. Feller stated that the Administration would undertake to redraft Article VI in the light of the above discussion.

(8) Article VII - Taxation

There was considerable discussion as to whether the exemption from taxation related only to the relief and rehabilitation work for Yugoslavia or to all activities of the Administration. Mr. Feller made it clear that all activities were intended to be exempt by the terms of the Resolutions. Dr. Bicanic pointed out that a problem is presented as to whether the Administration would make payroll deductions and

make the employer's contribution for social insurance taxes. Mr. Feller agreed that the Administration would be glad to work out a procedure on this point with the Government.

(9) Article VIII - Reports and Records

Mr. Schachter stated that we would like to reinsert the provision for consultation on records. Dr. Bicanic agreed to this proposal provided the term "discussion" were used. Mr. Schachter pointed out that reference to access to records had been omitted, presumably on the grounds that it repeated the similar provision in the article dealing with distribution. It was agreed that this provision would be reinserted with the addition of a reciprocal arrangement whereby the Administration would make its reports available to the Government.

(10) Article IX

It was agreed that this article would be dropped.

Future Action:

The next meeting will be held on Friday at 10 a.m. in Mr. Feller's office.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

4 and 6 November 1944

Present: Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA Representatives

Messrs. Feller, Menshikov, Hendrickson
(Weintraub), Jackson (Lacy), Sokolowski,
Sayre (Veatch), Polak, Gordon, and Schachter

(Note: The discussion of Articles I, II, and III relate to the second draft submitted by the Administration; the remaining articles to the draft submitted by the Yugoslav Delegation).

(1) Preamble

Mr. Feller pointed out that the fourth paragraph referring to the devastation in Yugoslavia had been inserted as requested by Dr. Bicanic; also paragraph 6 was revised as requested. Dr. Bicanic agreed that the preamble was satisfactory as revised.

(2) Article I - Furnishing of Supplies and Services

Paragraph (a). Dr. Bicanic agreed that the revised paragraph was satisfactory if the term "upon termination of" were substituted for "as soon as possible" in the first sentence. Mr. Feller agreed.

Paragraph (b). Dr. Bicanic submitted an amended draft of Mr. Hendrickson's proposal referred to on page 4 of the minutes.

After considerable discussion, the following was agreed to:

"The Government will present schedules of supplies it desires monthly for periods of at least six months in advance of the time the supplies are desired. These schedules will provide insofar as possible quantities, specifications, and points for the delivery of the supplies. In recognition of many uncertainties including the uncertainty of the volume of shipping the Administration can obtain, the Government will also present priorities covering a period of at least three months with respect to supplies it desires, to guide the Administration in

case the full amounts requested by the Government cannot be supplied. In turn, the Administration will state its program of supplies to be delivered in response to the Government's request, giving notice as far in advance as practicable, but at least three months ahead of the probable arrival of the supplies in ports of entry for Yugoslavia. The Administration will be glad, through the authorized representative, to discuss its plans for supplies and communicate any changes therein at any time and to obtain from the Government its proposals for change in the plans."

Dr. Bicanic made the following remarks in the course of discussing the problem: (1) his Government wanted a statement of the Administration program which would state the areas of certainty and uncertainty so that his Government could plan its own program. (2) He wanted the right to ask and receive an explanation of deviations from the program and (3) nothing in the procedure agreed upon should delay the commencement of the UNRRA program after termination of the military period. Mr. Feller and Mr. Weintraub made it clear that no binding agreement or promise could be made and that matters other than shipping could affect the program.

(3) Article II - Administration of Services

There was agreement on this article.

(4) Article III - Transfer and Distribution of Supplies

Paragraph (a). Agreed.

Paragraph (b). Mr. Feller stated that his instructions were that this was the minimum which could be accepted. He explained that the transfer of goods would be made from time to time between the Yugoslav Government and the Mission Chief. Agreement could be at any specified point: port, warehouse in the country, or outside the country.

Dr. Bicanic stated that this arrangement was unacceptable, that it left the question open. His Government would be in an indefinite and uncertain situation. Why did this provision have to be so?

Mr. Feller replied that he was under specific instruction on this point and had no right to deviate. Dr. Bicanic would have to discuss this with the Director General.

As to the provision for arbitration in the Yugoslav draft, Mr. Feller pointed out that this was part of a larger process.

There would need to be receipts. He had no objection to the proposal but it was inappropriate to a document setting forth general principles. He suggested it be deleted here and taken up in connection with the establishment of a procedure for receipts.

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Paragraph (c). Mr. Feller pointed out that in place of "consult" the Administration had substituted "the Government will discuss with the Administration and receive the Administration's views with respect to". The Administration wanted to know what the Government's plans were with respect to equitable distribution of UNRRA supplies. This includes how you get out the supplies, to whom they go, prices to be charged, system for enforcement of equitable distribution and price control, and facilities and methods of physical distribution.

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Paragraph (b). Mr. Feller stated that the provision that only "such part of the proceeds as may be agreed upon by special arrangement" would be made available to the Administration was not acceptable. The Administration meant that all of the proceeds should be made available; net, as distinguished from gross proceeds, were meant. This was the Director General's position. As to the arrangement for use of the National Bank of Yugoslavia, Mr. Sokolowski was agreeable.

Paragraph (c). Mr. Feller stated that the addition at the end of the paragraph of the phrase "in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia" was satisfactory.

Paragraph (d). It was agreed that the term "when" in the last sentence of this paragraph would be changed back to "if".

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that the inclusion of these sub-paragraphs would serve as an important guide although there was no binding commitment to agree. The Administration had made important concessions and he was not sure that it had overstepped its authority under Resolution 20. Some persons were of the opinion that the Administration was obligated not to use foreign exchange for transport through a country. It was decided to leave this open as a matter for negotiation. Dr. Bicanic doubted whether the provisions of sub-paragraph (ii) would actually arise in the relief period since Yugoslavia would need to use its own experts to obtain essential supplies not provided by the Administration. Mr. Feller pointed out that there was a limitation in this sub-paragraph that such exports would not be made unless consistent with the economic requirements of the country. However, it might be that Yugoslavia might have some surplus commodities which could not be exported for foreign exchange -- e.g., to Greece, but which were needed in another area. Also the Administration might bring into the country raw materials for export by the country. This latter arrangement would serve to give employment and would be for the benefit of the country.

Dr. Bicanic stated that the first two sub-paragraphs would be very unpopular in Yugoslavia and he would like to add a paragraph indicating that the local currency might be used for building hospitals and for related purposes in the country. Mr. Feller agreed to this proposal and agreed also to place the provisions for expending the currency for relief and rehabilitation in Yugoslavia ahead of the other provisions. Dr. Bicanic agreed to submit proposed language for this purpose.

Omitted paragraph (paragraph (f) in Administration Draft).

Mr. Feller stated that the Administration was agreeable to deleting the provision for maintaining the value of the Administration's currency holdings. The Administration would like, however, to reserve the right to approach the Government at a later date and discuss and reach an understanding for affording any protection for the Administration's holdings which might be afforded to others in the future. Mr. Sokolowski stated that he would not like to see this provision omitted. Dr. Bicanic stated that it was unacceptable.

Paragraph (f). It was agreed that this paragraph was satisfactory with the deletion of reference to "purposes agreed upon under (c)".

(6) Article V - Personnel.

It was agreed that this article was satisfactory subject to the revisions agreed to in the previous meeting and as reported in the minutes thereof.

(7) Article VI - Facilities, Privileges, and Immunities

Mr. Feller stated that he had no objection to the enumeration of the facilities, privileges and immunities but that they must be stated in the words of the Council resolutions. The proposal in the Yugoslav draft considerably narrowed these privileges. All contributing governments have provided these provisions and yet the Government of Yugoslavia, which will benefit by the Administration's operations, is unwilling to grant them in full. Dr. Bicanic explained that his concern arose over the fact that the Administration would be engaged in large operations, that it might have as many as 200 premises within the country, that these premises might be used as sanctuaries from Yugoslav authorities. This was a problem far different from the granting of privileges to a small diplomatic group.

Mr. Feller pointed out that privileges with respect to foreign exchange control had been omitted. Dr. Bicanic did not think that the large number of UNRRA personnel could be allowed to be free from exchange control. Mr. Feller pointed out that only two immunities for personnel were requested: immunity from legal process and taxation and that these applied only with respect to the performance of their official functions.

Dr. Bicanic agreed to eliminate the distinction between different types of UNRRA personnel with respect to immunities. Mr. Feller pointed out that the Yugoslav draft also omitted reference to paragraph 2 of Resolution 32. Dr. Bicanic stated that this was an oversight.

Mr. Feller stated that the Administration would undertake to redraft Article VI in the light of the above discussion.

(8) Article VII - Taxation

There was considerable discussion as to whether the exemption from taxation related only to the relief and rehabilitation work for Yugoslavia or to all activities of the Administration. Mr. Feller made it clear that all activities were intended to be exempt by the terms of the Resolutions. Dr. Bicanic pointed out that a problem is presented as to whether the Administration would make payroll deductions and

make the employer's contribution for social insurance taxes. Mr. Feller agreed that the Administration would be glad to work out a procedure on this point with the Government.

(9) Article VIII - Reports and Records

Mr. Schachter stated that we would like to reinsert the provision for consultation on records. Dr. Bicanic agreed to this proposal provided the term "discussion" were used. Mr. Schachter pointed out that reference to access to records had been omitted, presumably on the grounds that it repeated the similar provision in the article dealing with distribution. It was agreed that this provision would be reinserted with the addition of a reciprocal arrangement whereby the Administration would make its reports available to the Government.

(10) Article IX

It was agreed that this article would be dropped.

Future Action:

The next meeting will be held on Friday at 10 a.m. in Mr. Feller's office.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch.

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

4 and 6 November 1944

Present: Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA Representatives

Messrs. Feller, Menshikov, Hendrickson
(Weintraub), Jackson (Lacy), Sokolowski,
Sayre (Veatch), Polak, Gordon, and Schachter

(Note: The discussion of Articles I, II, and III relate to the second draft submitted by the Administration; the remaining articles to the draft submitted by the Yugoslav Delegation).

(1) Preamble

Mr. Feller pointed out that the fourth paragraph referring to the devastation in Yugoslavia had been inserted as requested by Dr. Bicanic; also paragraph 6 was revised as requested. Dr. Bicanic agreed that the preamble was satisfactory as revised.

(2) Article I - Furnishing of Supplies and Services

Paragraph (a). Dr. Bicanic agreed that the revised paragraph was satisfactory if the term "upon termination of" were substituted for "as soon as possible" in the first sentence. Mr. Feller agreed.

Paragraph (b). Dr. Bicanic submitted an amended draft of Mr. Hendrickson's proposal referred to on page 4 of the minutes.

After considerable discussion, the following was agreed to:

"The Government will present schedules of supplies it desires monthly for periods of at least six months in advance of the time the supplies are desired. These schedules will provide insofar as possible quantities, specifications, and points for the delivery of the supplies. In recognition of many uncertainties including the uncertainty of the volume of shipping the Administration can obtain, the Government will also present priorities covering a period of at least three months with respect to supplies it desires, to guide the Administration in

case the full amounts requested by the Government cannot be supplied. In turn, the Administration will state its program of supplies to be delivered in response to the Government's request, giving notice as far in advance as practicable, but at least three months ahead of the probable arrival of the supplies in ports of entry for Yugoslavia. The Administration will be glad, through the authorized representative, to discuss its plans for supplies and communicate any changes therein at any time and to obtain from the Government its proposals for change in the plans."

Dr. Bicanic made the following remarks in the course of discussing the problem: (1) his Government wanted a statement of the Administration program which would state the areas of certainty and uncertainty so that his Government could plan its own program. (2) He wanted the right to ask and receive an explanation of deviations from the program and (3) nothing in the procedure agreed upon should delay the commencement of the UNHRA program after termination of the military period. Mr. Feller and Mr. Weintraub made it clear that no binding agreement or promise could be made and that matters other than shipping could affect the program.

(3) Article II - Administration of Services

There was agreement on this article.

(4) Article III - Transfer and Distribution of Supplies

Paragraph (a). Agreed.

Paragraph (b). Mr. Feller stated that his instructions were that this was the minimum which could be accepted. He explained that the transfer of goods would be made from time to time between the Yugoslav Government and the Mission Chief. Agreement could be at any specified point: port, warehouse in the country, or outside the country.

Dr. Bicanic stated that this arrangement was unacceptable, that it left the question open. His Government would be in an indefinite and uncertain situation. Why did this provision have to be so?

Mr. Feller replied that he was under specific instruction on this point and had no right to deviate. Dr. Bicanic would have to discuss this with the Director General.

As to the provision for arbitration in the Yugoslav draft, Mr. Feller pointed out that this was part of a larger process.

There would need to be receipts. He had no objection to the proposal but it was inappropriate to a document setting forth general principles. He suggested it be deleted here and taken up in connection with the establishment of a procedure for receipts.

Mr. Sokolowski added that the Government did not have to accept goods or could accept goods and note on the receipts that they were in such and such condition. This would not affect the volume of supplies, since the country was on a non-paying basis and the Administration would make supplies available to the limit of its resources. Yugoslavia was entitled to help but has no fixed credit and payment is not affected.

Dr. Bicanic stated that he was willing to accept Mr. Feller's proposal that the matter be left to discussion of the establishment of procedure for receipts. He would like a note indicating that this problem would be taken up at that time. Mr. Feller agreed.

Paragraph (c). Mr. Feller pointed out that in place of "consult" the Administration had substituted "the Government will discuss with the Administration and receive the Administration's views with respect to". The Administration wanted to know what the Government's plans were with respect to equitable distribution of UNRRA supplies. This includes how you get out the supplies, to whom they go, prices to be charged, system for enforcement of equitable distribution and price control, and facilities and methods of physical distribution.

Dr. Bicanic stated that the terms could be interpreted in different ways. He preferred a more general or a more specific statement.

Mr. Feller added that the Administration had just so much supplies and that it had to have assurance that these supplies were going to be equitably distributed. The Administration will have to appear before the Congress of the United States. Questions will be asked. It will not be possible for the Administration to say that we did not discuss the plans by which the supplies were to be distributed and that it had not satisfied itself in these matters. Dr. Bicanic stated that this paragraph could be interpreted so that the total economy of the country would be under the scrutiny of the Administration. Mr. Feller disagreed and stated that the provisions had been made just as narrow as possible and still provide assurances to the Administration. Dr. Bicanic stated that he would like to find a more satisfactory formula. Mr. Feller had no objection to the suggestion of more specific wording but the minimum provisions

were already incorporated. Dr. Bicanic thought that an extremely large burden would be placed upon the Government in providing such information. Mr. Feller remarked that this provision actually represented a cutting down of Resolution 7; for example, no discussion was requested with regard to remuneration of wholesalers and retailers or steps for combatting inflation. Dr. Bicanic stated that Resolution 7 does not refer to actions of the Administration but to those of the Government and there was no requirement in this Resolution except that the Government fully informed the Director General concerning the distribution of supplies. Mr. Feller was agreeable to omitting reference to "specific prices" in sub-paragraph (iii) in the light of the difficulties of discussing hundreds of specific prices.

Paragraph (d). Mr. Feller pointed out that "full" had been deleted in reference to "full opportunity"; "authorities designated by the Government" had been inserted as a limiting phrase in connection with consultation arising out of observance and inspection of distribution; reference to access to "other places" had been deleted and access to "records" substituted for the enumeration. Also the provision for issuance of certificates by the Government to UNRRA personnel engaged in inspection had been inserted as suggested by the Government. Reference to "the movement and distribution of goods" was not limited to UNRRA goods; Mr. Feller would like to keep this point open until agreement in the military period had been concluded on this matter.

Dr. Bicanic did not express agreement or disagreement on this revised paragraph.

Paragraph (e). Dr. Bicanic agreed to drop his earlier request to insert a reference to problems of security and speculation affected by publicity.

(Note: The subsequent discussion relates to the draft submitted by the Yugoslav Delegation.)

(5) Article IV - Financial Provisions

Paragraph (a). Mr. Feller stated that pursuant to previous discussions, the original Administration draft of this paragraph would be kept but that "inform" would be substituted for "consult", and that "policy of free distribution" would be substituted for "program of free distribution". Dr. Bicanic agreed on the paragraph as revised.

Mr. Sokolowski stated that he would like to reserve judgment on the substitution of "inform" for "consult". He would like to see the Government discuss the price to be charged for each commodity brought in by the Administration. Dr. Bicanic replied that this was impractical, that hundreds or thousands of prices would be involved, that they would be constantly changing and that the Government could not agree to delay any price changes pending discussion with the Administration.

Mr. Sokolowski suggested that it might be possible to work out a lump sum payment in local currency by the Government and for this purpose it would be necessary to agree upon a price for each commodity. Under this scheme the setting of prices after the goods had been turned over to the Government would be entirely in the hands of the Government. Mr. Gottlieb pointed out that such a plan would mean that the Government was buying the supplies, the only difference being that they were paying for them in Yugoslav currency instead of foreign exchange. He felt that this was contrary to the principles of UNRRA. Dr. Bicanic added that in the light of Mr. Sokolowski's remarks, he would want to examine paragraph (c) dealing with the use of the Yugoslav currency holdings with great care since he thought that Mr. Sokolowski's plan was going pretty far.

Paragraph (b). Mr. Feller stated that the provision that only "such part of the proceeds as may be agreed upon by special arrangement" would be made available to the Administration was not acceptable. The Administration meant that all of the proceeds should be made available; net, as distinguished from gross proceeds, were meant. This was the Director General's position. As to the arrangement for use of the National Bank of Yugoslavia, Mr. Sokolowski was agreeable.

Paragraph (c). Mr. Feller stated that the addition at the end of the paragraph of the phrase "in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia" was satisfactory.

Paragraph (d). It was agreed that the term "when" in the last sentence of this paragraph would be changed back to "if".

Paragraph (e). Mr. Feller noted that the specified purposes which might form the bases of agreements for use of local currency had been omitted. The Administration thought

that the inclusion of these sub-paragraphs would serve as an important guide although there was no binding commitment to agree. The Administration had made important concessions and he was not sure that it had overstepped its authority under Resolution 20. Some persons were of the opinion that the Administration was obligated not to use foreign exchange for transport through a country. It was decided to leave this open as a matter for negotiation. Dr. Bicanic doubted whether the provisions of sub-paragraph (ii) would actually arise in the relief period since Yugoslavia would need to use its own exports to obtain essential supplies not provided by the Administration. Mr. Feller pointed out that there was a limitation in this sub-paragraph that such exports would not be made unless consistent with the economic requirements of the country. However, it might be that Yugoslavia might have some surplus commodities which could not be exported for foreign exchange -- e.g., to Greece, but which were needed in another area. Also the Administration might bring into the country raw materials for export by the country. This latter arrangement would serve to give employment and would be for the benefit of the country.

Dr. Bicanic stated that the first two sub-paragraphs would be very unpopular in Yugoslavia and he would like to add a paragraph indicating that the local currency might be used for building hospitals and for related purposes in the country. Mr. Feller agreed to this proposal and agreed also to place the provisions for expending the currency for relief and rehabilitation in Yugoslavia ahead of the other provisions. Dr. Bicanic agreed to submit proposed language for this purpose.

Omitted paragraph (paragraph (f) in Administration Draft).

Mr. Feller stated that the Administration was agreeable to deleting the provision for maintaining the value of the Administration's currency holdings. The Administration would like, however, to reserve the right to approach the Government at a later date and discuss and reach an understanding for affording any protection for the Administration's holdings which might be afforded to others in the future. Mr. Sokolowski stated that he would not like to see this provision omitted. Dr. Bicanic stated that it was unacceptable.

Paragraph (f). It was agreed that this paragraph was satisfactory with the deletion of reference to "purposes agreed upon under (c)".

(6) Article V - Personnel.

It was agreed that this article was satisfactory subject to the revisions agreed to in the previous meeting and as reported in the minutes thereof.

(7) Article VI - Facilities, Privileges, and Immunities

Mr. Feller stated that he had no objection to the enumeration of the facilities, privileges and immunities but that they must be stated in the words of the Council resolutions. The proposal in the Yugoslav draft considerably narrowed these privileges. All contributing governments have provided these provisions and yet the Government of Yugoslavia, which will benefit by the Administration's operations, is unwilling to grant them in full. Dr. Bicanic explained that his concern arose over the fact that the Administration would be engaged in large operations, that it might have as many as 200 premises within the country, that these premises might be used as sanctuaries from Yugoslav authorities. This was a problem far different from the granting of privileges to a small diplomatic group.

Mr. Feller pointed out that privileges with respect to foreign exchange control had been omitted. Dr. Bicanic did not think that the large number of UNRRA personnel could be allowed to be free from exchange control. Mr. Feller pointed out that only two immunities for personnel were requested: immunity from legal process and taxation and that these applied only with respect to the performance of their official functions.

Dr. Bicanic agreed to eliminate the distinction between different types of UNRRA personnel with respect to immunities. Mr. Feller pointed out that the Yugoslav draft also omitted reference to paragraph 2 of Resolution 32. Dr. Bicanic stated that this was an oversight.

Mr. Feller stated that the Administration would undertake to redraft Article VI in the light of the above discussion.

(8) Article VII - Taxation

There was considerable discussion as to whether the exemption from taxation related only to the relief and rehabilitation work for Yugoslavia or to all activities of the Administration. Mr. Feller made it clear that all activities were intended to be exempt by the terms of the Resolutions. Dr. Bicanic pointed out that a problem is presented as to whether the Administration would make payroll deductions and

make the employer's contribution for social insurance taxes. Mr. Feller agreed that the Administration would be glad to work out a procedure on this point with the Government.

(9) Article VIII - Reports and Records

Mr. Schachter stated that we would like to reinsert the provision for consultation on records. Dr. Bicanic agreed to this proposal provided the term "discussion" were used. Mr. Schachter pointed out that reference to access to records had been omitted, presumably on the grounds that it repeated the similar provision in the article dealing with distribution. It was agreed that this provision would be reinserted with the addition of a reciprocal arrangement whereby the Administration would make its reports available to the Government.

(10) Article IX

It was agreed that this article would be dropped.

Future Action:

The next meeting will be held on Friday at 10 a.m. in Mr. Feller's office.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch.

ARTICLE I

Furnishing of Supplies and Services

In accordance with the Agreement and the Resolutions, the Administration will furnish Yugoslavia with relief and rehabilitation supplies and services as soon as possible after liberation, and the Government will cooperate with the Administration for this purpose. It is agreed upon that the activities shall begin at the latest with the 1st of January, 1945.

Such supplies and services will be furnished within the limits of the Administration's resources and available supplies and transport and in accordance with Council policies.

Subst. paragraph 2 | The Administration and the Government will jointly establish a plan of relief and rehabilitation supplies to be delivered by the Administration to Yugoslavia for six months ahead.

ARTICLE II

Administration of Services

The relief and rehabilitation services furnished by the Administration pursuant to Article I above will be administered in accordance with plans agreed upon between the Administration and the Government and in conformity with the policies of the Council, particularly those embodied in Resolutions 2 and 7 through 13. Wherever necessary the Government will take measures to insure that such policies are followed through the country.

ARTICLE III

Transfer and Distribution of Supplies

(a) The Government will have the responsibility for the distribution within Yugoslavia of relief and rehabilitation supplies furnished by the Administration and will take appropriate measures to assure that such distribution will be governed by the policies of the Council, particularly as stated in Resolutions 8 and 7.

(b) The Government and the Administration will agree upon an operational program for every three months in advance within the plan mentioned in Article I. This program will provide quantities, qualities, terms of delivery, and points of transfer for the delivery of the supplies. *in Yugoslavia*

(c) The particulars concerning the *specific* provisions provided in the foregoing sub-division shall be mutually agreed upon by the parties hereto. The Administration will inform the Government in due course regarding the approximate arrival of the supplies at their destinations. *shipment*

(d) The relief and rehabilitation supplies furnished by the Administration and destined for Yugoslavia will be consigned to the Government. The supplies will become the property of the Government upon their arrival on the territory of Yugoslavia, or the Yugoslav zone in Salonika, or the ports of Trst (Trieste) and Rijeka (Fiume).

Upon their arrival, the physical transfer of the supplies will be made by the representative of the Administration to the Government. The Government or its designee will issue appropriate receipts. Should the supplies not correspond to the terms as agreed, the representatives of the Government and the Administration will jointly ascertain this fact by executing a protocol to that effect. Should they not be able to reach an agreement, each party shall designate an arbiter who in turn shall choose a third arbiter, and they will jointly ascertain the facts

involved. On the basis of said report the Government and the Administration shall endeavor to settle the matter. The Government shall have the right to ask that the goods not suitable for the intended use be replaced.

(e) To enable the Administration effectively to discharge its responsibilities under this Agreement, the Agreement of November 9, 1943, and the Council Resolutions, the Director General will be kept fully informed by the Government concerning the distribution of supplies furnished by the Administration.

(f) The Government will afford representatives of the Administration the opportunity to observe and collect information as to the distribution of goods supplied by the Administration within Yugoslavia. The Government will issue special certificates to the Administration personnel entitled to collect such information.

(g) The Government and the Administration will cooperate in making public information regarding deliveries and distribution of relief and rehabilitation supplies furnished to Yugoslavia. The Government will permit the use of special labels or other designations on supplies and equipment belonging to or furnished by the Administration.

ARTICLE IV

Financial Provisions

(a) The Government will provide that supplies and services furnished by the Administration pursuant to this Agreement will be sold, leased, or otherwise transferred to distributors and users and will take care of an equitable distribution and effective use of such supplies and services. The Government will inform the Administration with respect to prices charged for the sale, lease, or other transfer of supplies and services furnished by the Administration and with respect to the free distribution of such supplies and services.

(b) Such part of the proceeds as may be agreed upon by special arrangement - derived from the sale, lease, or other transfer of relief and rehabilitation supplies and services furnished by the Administration under this Agreement - will be deposited in local currency in a special account designated with the National Bank of Yugoslavia. All financial operations of the Administration in Yugoslav and foreign currency will be carried out in Yugoslavia by the services of this Bank.

(c) The Administration will use its Yugoslav currency holdings to pay for its administrative and operating expenses incurred in Yugoslavia in the execution of relief and rehabilitation programs undertaken pursuant to Articles I, II, and III of this Agreement. Such expenses will include, but not be limited to, payments to personnel, and the costs of rent, storage, communications, transportation, and public services in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia.

(d) The Government will make advances of Yugoslav currency to the Administration in sufficient amounts to initiate the Administration's operations under this Agreement; and, as requested, the Government will make further advances of Yugoslav currency to the Administration to the extent ~~that~~ the proceeds available to the Administration from the sale, lease, or other transfer of relief and rehabilitation supplies and services are at any time insufficient to defray the Administration's expenses in Yugoslavia as provided in paragraph (c) of this Article. Such advances ~~will be~~ repaid only in Yugoslav currency and when the Administration obtains sufficient proceeds pursuant to paragraph (b) of this Article.

(e) In addition to the utilization of the Yugoslav currency holdings provided for under paragraph (c) of this Article, the Administration may utilize, or release to the Government Yugoslav currency for expenditures in Yugoslavia for other purposes in accordance with programs jointly formulated and agreed to by the Government and the Administration.

(f) The Administration shall have the right to use its Yugoslav currency holdings for the purposes agreed upon under (c) free from restrictions on circulation in Yugoslavia. The Administration shall have the right to exchange freely ~~a~~ such ~~legal~~ Yugoslav currency into any other type of ~~legal~~ Yugoslav currency through the National Bank of Yugoslavia.

ARTICLE I

Furnishing of Supplies and Services

In accordance with the Agreement and the Resolutions, the Administration will furnish Yugoslavia with relief and rehabilitation supplies and services as soon as possible after liberation, and the Government will cooperate with the Administration for this purpose. It is agreed upon that the activities shall begin at the latest with the 1st of January, 1945.

Such supplies and services will be furnished within the limits of the Administration's resources and available supplies and transport and in accordance with Council policies.

The Administration and the Government will jointly establish a plan of relief and rehabilitation supplies to be delivered by the Administration to Yugoslavia for six months ahead.

ARTICLE II

Administration of Services

The relief and rehabilitation services furnished by the Administration pursuant to Article I above will be administered in accordance with plans agreed upon between the Administration and the Government and in conformity with the policies of the Council, particularly those embodied in Resolutions 2 and 7 through 13. Wherever necessary the Government will take measures to insure that such policies are followed through the country.

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Transfer and Distribution of Supplies

(a) The Government will have the responsibility for the distribution within Yugoslavia of relief and rehabilitation supplies furnished by the Administration and will take appropriate measures to assure that such distribution will be governed by the policies of the Council, particularly as stated in Resolutions 2 and 7.

(b) The Government and the Administration will agree upon an operational program for every three months in advance within the plan mentioned in Article I. This program will provide quantities, qualities, terms of delivery, and points of transfer for the delivery of the supplies in Yugoslavia.

(c) The particulars concerning the provisions provided in the foregoing sub-division shall be mutually agreed upon by the parties hereto. The Administration will inform the Government in due course regarding the approximate arrival of the supplies at their destinations.

(d) The relief and rehabilitation supplies furnished by the Administration and destined for Yugoslavia will be consigned to the Government. These supplies will become the property of the Government upon their arrival on the territory of Yugoslavia, or the Yugoslav zone in Salonika, or the ports of Trst (Trieste) and Rijeka (Fiume).

Upon their arrival, the physical transfer of the supplies will be made by the representative of the Administration to the Government. The Government or its designee will issue appropriate receipts.

Should the supplies not correspond to the terms as agreed, the representatives of the Government and the Administration will jointly ascertain this fact by executing a protocol to that effect. Should they not be able to reach an agreement, each party will designate an arbiter who in turn shall choose a third arbiter, and they will jointly ascertain the facts involved. On the basis of said report the Government and the Administration shall endeavor to settle the matter. The Government shall have the right to ask that the goods not suitable for the intended use be replaced.

(e) To enable the Administration effectively to discharge its responsibilities under this Agreement, the Agreement of November 9, 1943, and the Council Resolutions, the Director General will be kept fully informed by the Government concerning the distribution of supplies furnished by the Administration.

(f) The Government will afford representatives of the Administration the opportunity to observe and collect information as to the distribution of goods supplied by the Administration within Yugoslavia. The Government will issue special certificates to the Administration personnel entitled to collect such information.

(g) The Government and the Administration will cooperate in making public information regarding deliveries and distribution of relief and rehabilitation supplies furnished to Yugoslavia. The Government will permit the use of special labels or other designations on supplies and equipment belonging to or furnished by the Administration.

ARTICLE IV

Financial Provisions

(a) The Government will provide that supplies and services furnished by the Administration pursuant to this Agreement will be sold, leased, or otherwise transferred to distributors and users and will take care of an equitable distribution and effective use of such supplies and services. The Government will inform the Administration with respect to prices charged for the sale, lease, or other transfer of supplies and services furnished by the Administration and with respect to the free distribution of such supplies and services.

(b) Such part of the proceeds as may be agreed upon by special arrangement - derived from the sale, lease, or other transfer of relief and rehabilitation supplies and services furnished by the Administration under this Agreement - will be deposited in local currency in a special account designated with the National Bank of Yugoslavia. All financial operations of the Administration in Yugoslav and foreign currency will be carried out in Yugoslavia by the services of this Bank.

(c) The Administration will use its Yugoslav currency holdings to pay for its administrative and operating expenses incurred in Yugoslavia in the execution of relief and rehabilitation programs undertaken pursuant to Articles I, II, and III of this Agreement. Such expenses will include, but not be limited to, payments to personnel, and the costs of rent, storage, communications, transportation, and public services in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia.

(d) The Government will make advances of Yugoslav currency to the Administration in sufficient amounts to initiate the Administration's operations under this Agreement; and, as requested, the Government will make further advances of Yugoslav currency to the Administration to the extent that the proceeds available to the Administration from the sale, lease, or other transfer of relief and rehabilitation supplies and services are at any time insufficient to defray the Administration's expenses in Yugoslavia as provided in paragraph (c) of this Article. Such advances will be repaid only in Yugoslav currency and when the Administration obtains sufficient proceeds pursuant to paragraph (b) of this Article.

(e) In addition to the utilization of the Yugoslav currency holdings provided for under paragraph (c) of this Article, the Administration may utilize, or release to the Government Yugoslav currency for expenditures in Yugoslavia for other purposes in accordance with programs jointly formulated and agreed to by the Government and the Administration.

(f) The Administration shall have the right to use its Yugoslav currency holdings for the purposes agreed upon under (c) free from restrictions on circulation in Yugoslavia. The Administration shall have the right to exchange freely such Yugoslav currency into any other type of Yugoslav currency through the National Bank of Yugoslavia.

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Furnishing of Supplies and Services

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Such supplies and services will be furnished within the limits of the Administration's resources and available supplies and transport and in accordance with Council policies.

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Administration of Services

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Agreed
to
draft
RFA

To be
reconsidered
in light
of Henderson
proposal
B

OK

ARTICLE III

Transfer and Distribution of Supplies

OK (a) The Government will have the responsibility for the distribution within Yugoslavia of relief and rehabilitation supplies furnished by the Administration and will take appropriate measures to assure that such distribution will be governed by the policies of the Council, particularly as stated in Resolutions 2 and 7.

(b) The Government and the Administration will agree upon an operational program for every three months in advance within the plan mentioned in Article I. This program will provide quantities, qualities, terms of delivery, and points of transfer for the delivery of the supplies in Yugoslavia.

To be considered in light of Headquarters Sub-Staff B Basic question C (c) The particulars concerning the provisions provided in the foregoing sub-division shall be mutually agreed upon by the parties hereto. The Administration will inform the Government in due course regarding the approximate arrival of the supplies at their destinations.

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Should the supplies not correspond to the terms as agreed, the representatives of the Government and the Administration will jointly ascertain this fact by executing a protocol to that effect. Should they not be able to reach an agreement, each party will designate an arbiter who in turn shall choose a third arbiter, and they will jointly ascertain the facts involved. On the basis of said report the Government and the Administration shall endeavor to settle the matter. The Government shall have the right to ask that the goods not suitable for the intended use be replaced.

Needs to be redrafted
(e) To enable the Administration effectively to discharge its responsibilities under this Agreement, the Agreement of November 9, 1943, and the Council Resolutions, the Director General will be kept fully informed by the Government concerning the distribution of supplies furnished by the Administration.

Needs to be redrafted
(f) The Government will afford representatives of the Administration the opportunity to observe and collect information as to the distribution of goods supplied by the Administration within Yugoslavia. The Government will issue special certificates to the Administration personnel entitled to collect such information.

OK
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(c) The Administration will use its Yugoslav currency holdings to pay for its administrative and operating expenses incurred in Yugoslavia in the execution of relief and rehabilitation programs undertaken pursuant to Articles I, II, and III of this Agreement. Such expenses will include, but not be limited to, payments to personnel, and the costs of rent, storage, communications, transportation, and public services in connection with the relief and rehabilitation supplies and services furnished to Yugoslavia.

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(e) In addition to the utilization of the Yugoslav currency holdings provided for under paragraph (c) of this Article, the Administration may utilize, or release to the Government Yugoslav currency for expenditures in Yugoslavia for other purposes in accordance with programs jointly formulated and agreed to by the Government and the Administration.

(f) The Administration shall have the right to use its Yugoslav currency holdings for the purposes agreed upon under (c) free from restrictions on circulation in Yugoslavia. The Administration shall have the right to exchange freely such Yugoslav currency into any other type of Yugoslav currency through the National Bank of Yugoslavia.

SUMMARY OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

2 November 1944

The Yugoslav Delegation presented a substitute draft of the basic agreement for consideration of the Administration.

The major points of difference in the Yugoslav draft are:

1. It is proposed that a general six month plan of supplies be agreed to semiannually and that specific three month operational plans with quantities, qualities and terms of delivery be agreed to on a current basis. The plan also includes a procedure for arbitration of facts on disputed shipments.
2. It is proposed that supplies be consigned to the Government and that title be passed upon arrival of supplies at Yugoslav territory, Trieste and Salonika.
3. Provision for inspection and observance of distribution is stated in restricted terms.
4. Provision for consultation on rationing, price control, etc. is omitted and it is proposed only that "the Director General will be informed by the Government concerning the distribution of supplies furnished by the Administration."
5. Provision is made for making available only part rather than all of the proceeds of sale of supplies.
6. The provision relating to maintenance of value or local currency proceeds have been omitted.
7. Reference to suitable subjects for agreement on the expenditure of local currency proceeds is omitted.

The explanation of the reasoning behind these proposals and the tentative agreements reached on these and minor changes are contained in the full report of the meeting.

5 November 1944

REPORT ON CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT
2 November 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA

Mr. Feller
Mr. Menshikov
Mr. Sayre
Mr. Xanthaky
Mr. Gordon
Mr. Polak (for discussion of financial provisions)
Mr. Schachter

1. General Statement

Dr. Bicanic stated that he and his associates had reviewed the proposed Basic Agreement and have some changes to propose. Their general approach was to make the Agreement more definite and specific, particularly with respect to supplies and program. Dr. Bicanic then made available a substitute draft of the Basic Agreement which the Yugoslav Delegation had prepared.

In response to a question from Mr. Sayre, Dr. Bicanic stated that in presenting the counter-proposals he was speaking for his Delegation; that it will be necessary to refer the final Agreement to his Government or receive telegraphic authority from them to sign the Agreement on their behalf. He added that there might be a new Government in the near future.

2. Article I - Furnishing of Supplies and Services

Mr. Feller pointed out that the following major changes had been made in the Yugoslav draft:

- (a) All references to the military period had been deleted
- (b) In substitution of the provision for consultation with the Government on the import program it was suggested that the Administration and Government jointly establish a plan of relief and that this plan be for six months ahead.

Dr. Bicanic stated that so far as the reference to the military period was concerned, references might be re-inserted since it now appears that there will be a military period. It was agreed that the first sentence of this article would be revised to read as follows:

(Note: All references to paragraphs are those of the substitute draft submitted by the Yugoslav Delegation.)

as possible

A "In accordance with the Agreement and the Resolutions, the Administration will furnish Yugoslavia with relief and rehabilitation supplies and services soon after the termination of the military period. Mr. Feller made it clear that it would not be possible for the Administration, according to the current thinking of the Director General, to make UNRRA supplies available during the military period but that the Administration wanted there to be no hiatus between the termination of military supplies and the availability of UNRRA supplies. It would, of course, be satisfactory for the Administration to provide services during the military period if the military is not in a position to provide them. Also, we would engage in necessary administrative activities during the military period to arrange for supplies so that deliveries will begin immediately on the termination of the military period. It was finally agreed that Mr. Feller would draft a revision of this Article incorporating these ideas.

The Yugoslav draft added the phrase: "The Government will cooperate with the Administration for this purpose." Mr. Feller saw no objection to this addition.

Mr. Feller noted that references to Yugoslavia's inability to pay with suitable means of foreign exchange had been deleted from this Article. Dr. Bicanic stated that this provision had been incorporated in Article IV. However, an examination of Article IV indicated that it had not been inserted. It was agreed that it would be inserted in Article IV. It was also agreed that the phrase, "so long as it is determined", would be changed to read, "for such period as it is determined."

Dr. Bicanic explained the reasoning behind the inclusion of the provision for establishing a plan of relief and rehabilitation supplies for six months ahead. He stated that the Yugoslav Government would like a fixed and determined operational plan for a three-month period. It was recognized that uncertainties might not permit such specific planning for a longer period of time. It was, however, essential that there be a general plan for a six-month period so that the Government could properly make its own plans. This suggestion was in lieu of the reference in the Administration draft "from time to time". Mr. Feller could see no objection in principle but stated that this was a practical question of operating procedure which would have to be decided upon by Mr. Hendrickson. So far as joint determination of the import program, this was intended in the Administration draft. However, Mr. Feller was concerned about this paragraph in the light of the provisions of Article III, which appeared to place obligations upon the Administration similar in character to those normally assumed by a commercial supplier. He would like to leave final judgment on this paragraph pending discussion of Article III. Mr. Sayre suggested the phrase "for successive six months period" instead of "for six months ahead", which was accepted by Dr. Bicanic.

8. Article II - Administration of Services

No change has been suggested in this Article.

4. Article III - Transfer and Distribution of Supplies

Paragraph (a) - Mr. Feller believed that this paragraph was satisfactory.

Paragraph (b) - Mr. Feller had no objection to this proposal in principle providing it could be done as a practical matter, and this was a question Mr. Hendrickson would have to pass upon. Dr. Bicanic explained the reasoning behind this paragraph. He stated that the Government had to plan a system of distribution in which relief goods would form a considerable part. The plans of the Government will depend upon UNRRA's activities. If the Government is in the dark as to what UNRRA can provide, they will be unable to plan. For example, it will not be possible to establish the amount of rations for certain commodities unless the amounts to be made available by UNRRA are known. Furthermore, supplies will require sixty to ninety days from the time the supplies are procured until they will actually reach the country. Therefore, a three-month operating plan appears reasonable.

Mr. Menshikov ^{might} stated that UNRRA could not be bound by such a program as it was not in a position to obtain transportation, which is outside its control. Dr. Bicanic reiterated that the country would be unable to organize its program if it did not know what it was going to receive. Mr. Feller agreed that this presented a problem but that we might as well face the fact that the program will be uncertain for some time to come. The Bureau of Supply will, of course, want to operate in the manner suggested by the Yugoslav Delegation. Whether the Administration can bind itself on matters of quantity, quality and terms of delivery is another matter. Mr. Feller concluded that the feasibility of this plan would need to be determined by Mr. Hendrickson.

Paragraph (c) - After some discussion Dr. Bicanic amended this paragraph to read: "The specifications concerning the shipments", etc. Mr. Feller had the same reservations on this paragraph as on the preceding one.

Paragraph (d) - Mr. Feller pointed out that in the Administration draft it was proposed that goods be consigned to the Chief of Mission, whereas the counter-proposal provided for consignment to the Government. Under the Administration draft UNRRA would pay costs of ocean shipping, land transport to the borders of the country, and would bear the risks of any loss.

Dr. Bicanic stated that he would prefer to discuss first the second sentence dealing with the point at which the supplies became the property of the Government. Mr. Feller stated that the Administration draft left this point flexible but that it did not preclude the arrangements suggested in the Yugoslav draft. He suggested that it might be desirable to transfer the supplies to the Government at a warehouse or as the goods left the warehouse. In connection with this latter remark, Dr. Bicanic pointed out the serious problems in warehousing and questioned

the ability of the Administration to cope with this purely local problem. Dr. Bicanic added that he was not too concerned about the problem of consignment and was agreeable that the goods be consigned to the Chief of the Mission provided the supplies would become the property of the Government at the points specified in the Yugoslav draft of the Agreement. Mr. Feller concluded the discussion of the point, stating that this problem would have to be taken up with the Director General.

by
There was considerable discussion on the proposal between the Yugoslav Delegation to designate an arbiter to establish the facts in case of disputed shipments. The Administration's representatives generally felt that such an elaborate procedure was unnecessary.

Paragraph (e) - Mr. Feller noted that paragraph (e) is an abbreviated statement of paragraph (c) in the Administration draft and omits many important provisions. The provision for consultation is omitted. Dr. Bicanic stated that this was omitted because they were not certain as to the meaning of the term. Mr. Feller quoted the discussion in a prior meeting on this point. At Mr. Menshikov's suggestion it was agreed that the term "consult" would be omitted and a substitute expression be inserted for "consult".

Dr. Bicanic stated that it was not clear in the Administration draft whether this provision applied to all supplies or to Administration supplies only. Mr. Feller pointed out that this is made clear in the subparagraphs which refer specifically in some cases to supplies furnished by the Administration and in others to both supplies furnished by the Administration and local supplies similar to or having a bearing on Administration supplies. Mr. Feller concluded that further consideration would be necessary on this paragraph.

Paragraph (f) - Mr. Feller asked what was intended in the changes proposed in paragraph (f) which represents a revision of paragraph (d) in the Administration draft. Dr. Bicanic stated that the following terms were omitted because they were not clear to the Yugoslav Delegation: inspect, consult and full. In addition, they believe it unnecessary to enumerate the points of access and records which might be examined and finally, all references should be to goods supplied by the Administration.

Mr. Feller stated that paragraph (d) of the Administration draft, which this paragraph is intended to supersede, is one of great concern to the Administration. He would like to retain the first sentence in the Administration draft and was willing to take out the term "full". As to the terms "inspect" and "consult", UNRRA representatives have no power with respect to individual distributors. On the other hand, inspectors ought to have the right to go to Government authorities and point out that they have discovered certain conditions which they wish to call to the attention of the Government. If this were not done, reports of UNRRA personnel would all be submitted to the Chief of Mission, who would be burdened with a mass of detail. Would the Yugoslav Delegation have any real objection to this plan?

Dr. Bicanic replied that the Yugoslav Government accepted all of the obligations in the Resolutions on this point. He was concerned about this proposal for the following reason: There will definitely be a great need for all kinds of supplies in the country. Limited supplies will be available and those who don't receive supplies may protest. It is entirely possible that these protests may be used for political purposes by local political leaders. If this problem is dealt with at the local level, it may create difficulties between the Administration and the Government. He, therefore, suggests that UNRRA personnel report to the Chief of their Mission who could take this matter up with responsible Government officials at the national level. He was, however, agreeable to changing the reference to "appropriate governmental authorities" to "authorities designated by the Government".

As to the meaning of inspection, Mr. Feller pointed out that to inspect means something more than to observe. In view of the authoritative connotation which this term appeared to have to the Yugoslav Delegation, he would inquire into possible synonyms. As to the second sentence of the Administration draft of paragraph (d), Mr. Feller explained that it was intended to implement the general provisions of the first sentence. Did Dr. Bicanic think this was unreasonable? Dr. Bicanic pointed out that the language was extremely loose; under this provision UNRRA representatives could inspect pantries in private homes. Mr. Feller agreed that the language might be tightened and that the Administration would propose a modification.

It was agreed that reference to the special certificates to be provided personnel of the Administration should be taken up in connection with the Article dealing with privileges and immunities.

Paragraph (g) - Mr. Feller noted that the Yugoslav Delegation had substituted for the phrase "the Government will afford the Administration" the statement that "the Government and the Administration will cooperate". Dr. Bicanic explained that he was concerned lest information be issued which might affect the safety of the country, encourage hoarding or have other adverse effects stimulating speculation. Mr. Feller did not think that any serious problem was presented in this paragraph.

5. Article IV - Financial Provisions

Par. a. Dr. Bicanic explained that there was an error in the preparation of this paragraph and that no change was intended from the Administration draft. Minor changes agreed to were the substitution of "Yugoslav currency" for "local currency" and of the agreed upon phrase for "consult".

Par. b. Mr. Feller stated that the major difference in the draft proposed by the Yugoslav Delegation was that only such part of the proceeds from sale, etc., as might be agreed upon would be made available to the Administration. Dr. Bicanic explained that the Government would like to retain part of the proceeds so that it might be used as a deflationary instrument. Mr. Schacter stated that the question whether all or part of the proceeds would be made available was a fundamental one which would have to be referred to the Director General.

Dr. Bicanic stated that the reference to the "special account" was a special account in the name of the Administration in the Bank of Yugoslavia. Mr. Polak thought that these provisions would have to be reviewed from a point of view of any technical problems which they might present, although he could see no objection in principle.

Par. c. Mr. Schacter could see no objection to the minor changes suggested by the Yugoslav Delegation.

Par. d. Mr. Schacter stated that no basic change was involved in this paragraph.

Par. e. Mr. Schacter pointed out that the substitute proposed by the Yugoslav Delegation omitted the examples of suitable subjects for agreement as to the expenditure of local currency. Whereas the Administration draft has tried to specify the kinds of things that could form the basis of such agreements, the substitute draft merely quotes the language of the resolution and goes no further. Dr. Bicanic explained that he would not like to enumerate these examples because it gives the impression that the Government expects to export goods the very first month of relief and rehabilitation operations. If UNRRA supplies covered all of the essential needs of the country, he was sure that the Government would place at the disposal of UNRRA all surpluses which might be exported. If UNRRA supplies were inadequate, the Government would have to use its own surpluses to obtain such necessities on the basis of barter agreements. He was, however, willing to see included a general statement on the willingness of the Government to see these funds used for purchase of surpluses under certain

conditions and he thought that a general statement of principle might be better than these specific examples. Mr. Schachter concluded the discussion at this point by stating that he would take this matter up with Administration officials.

Par. f. Dr. Bicanic agreed to accept the original language in paragraph g of the Administration draft provided that the phrase "through the National Bank" was inserted. Mr. Schachter agreed that this was satisfactory.

Paragraph f of the Administration Draft

Mr. Schachter pointed out that paragraph f of the Administration draft which provides for a policy of maintaining the value of the Administration's local currency holdings in terms of purchasing power within Yugoslavia had been omitted from the draft proposed by the Yugoslav Delegation. Dr. Bicanic explained that such a provision would upset all efforts of the Government to stabilize the currency of the country and that it had always been illegal in commercial transactions to include any gold clause or stabilization clause. Mr. Schachter stated that he would raise this question with the officials of the Administration.

Future Action:

Dr. Bicanic stated that he would like to have further discussion on these first articles as soon as the Administration had reviewed the counter proposals submitted and that he was anxious to reach agreement before Governor Lehman left for London. He would make every effort to complete their proposals for the remaining articles of the agreement but that he would like to proceed with the discussion on the first four articles in the meantime.

Attachment:

Copy of draft submitted
by Yugoslav Delegation

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

5 November 1944

REPORT ON CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT
2 November 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

UNRRA

Mr. Feller
Mr. Menshikov
Mr. Sayre
Mr. Xanthaky
Mr. Gordon
Mr. Polak (for discussion of financial provisions)
Mr. Schachter

1. General Statement

Dr. Bicanic stated that he and his associates had reviewed the proposed Basic Agreement and have some changes to propose. Their general approach was to make the Agreement more definite and specific, particularly with respect to supplies and program. Dr. Bicanic then made available a substitute draft of the Basic Agreement which the Yugoslav Delegation had prepared.

In response to a question from Mr. Sayre, Dr. Bicanic stated that in presenting the counter-proposals he was speaking for his Delegation; that it will be necessary to refer the final Agreement to his Government or receive telegraphic authority from them to sign the Agreement on their behalf. He added that there might be a new Government in the near future.

2. Article I - Furnishing of Supplies and Services

Mr. Feller pointed out that the following major changes had been made in the Yugoslav draft:

- (a) All references to the military period had been deleted
- (b) In substitution of the provision for consultation with the Government on the import program it was suggested that the Administration and Government jointly establish a plan of relief and that this plan be for six months ahead.

Dr. Bicanic stated that so far as the reference to the military period was concerned, references might be re-inserted since it now appears that there will be a military period. It was agreed that the first sentence of this Article would be revised to read as follows:

(Note: All references to paragraphs are those of the substitute draft submitted by the Yugoslav Delegation)

"In accordance with the Agreement and the Resolutions, the Administration will furnish Yugoslavia with relief and rehabilitation supplies and services as soon after the termination of the military period as possible. Mr. Feller made it clear that it would not be possible for the Administration, according to the current thinking of the Director General, to make UNRRA supplies available during the military period but that the Administration wanted there to be no hiatus between the termination of military supplies and the availability of UNRRA supplies. It would, of course, be satisfactory for the Administration to provide services during the military period if the military is not in a position to provide them. Also, we would engage in necessary administrative activities during the military period to arrange for supplies so that deliveries will begin immediately on the termination of the military period. It was finally agreed that Mr. Feller would draft a revision of this Article incorporating these ideas.

The Yugoslav draft added the phrase: "The Government will cooperate with the Administration for this purpose." Mr. Feller saw no objection to this addition.

Mr. Feller noted that references to Yugoslavia's inability to pay with suitable means of foreign exchange had been deleted from this Article. Dr. Bicanic stated that this provision had been incorporated in Article IV. However, an examination of Article IV indicated that it had not been inserted. It was agreed that it would be inserted in Article IV. It was also agreed that the phrase, "so long as it is determined", would be changed to read, "for such period as it is determined."

Dr. Bicanic explained the reasoning behind the inclusion of the provision for establishing a plan of relief and rehabilitation supplies for six months ahead. He stated that the Yugoslav Government would like a fixed and determined operational plan for a three-month period. It was recognized that uncertainties might not permit such specific planning for a longer period of time. It was, however, essential that there be a general plan for a six-month period so that the Government could properly make its own plans. This suggestion was in lieu of the reference in the Administration draft "from time to time". Mr. Feller could see no objection in principle but stated that this was a practical question of operating procedure which would have to be decided upon by Mr. Hendrickson. So far as joint determination of the import program, this was intended in the Administration draft. However, Mr. Feller was concerned about this paragraph in the light of the provisions of Article III, which appeared to place obligations upon the Administration similar in character to those normally assumed by a commercial supplier. He would like to leave final judgment on this paragraph pending discussion of Article III. Mr. Sayre suggested the phrase "for successive six months period" instead of "for six months ahead", which was accepted by Dr. Bicanic.

5. Article II - Administration of Services

No change has been suggested in this Article.

4. Article III - Transfer and Distribution of Supplies

Paragraph (a) - Mr. Feller believed that this paragraph was satisfactory.

Paragraph (b) - Mr. Feller had no objection to this proposal in principle providing it could be done as a practical matter, and this was a question Mr. Hendrickson would have to pass upon. Dr. Bicanic explained the reasoning behind this paragraph. He stated that the Government had to plan a system of distribution in which relief goods would form a considerable part. The plans of the Government will depend upon UNRRA's activities. If the Government is in the dark as to what UNRRA can provide, they will be unable to plan. For example, it will not be possible to establish the amount of rations for certain commodities unless the amounts to be made available by UNRRA are known. Furthermore, supplies will require sixty to ninety days from the time the supplies are procured until they will actually reach the country. Therefore, a three-month operating plan appears reasonable.

Mr. Zenshilov stated that UNRRA could not be bound by such a program as it might not be in a position to obtain transportation, which is outside its control. Dr. Bicanic reiterated that the country would be unable to organize its program if it did not know what it was going to receive. Mr. Feller agreed that this presented a problem but that we might as well face the fact that the program will be uncertain for some time to come. The Bureau of Supply will, of course, want to operate in the manner suggested by the Yugoslav Delegation. Whether the Administration can bind itself on matters of quantity, quality and terms of delivery is another matter. Mr. Feller concluded that the feasibility of this plan would need to be determined by Mr. Hendrickson.

Paragraph (c) - After some discussion Dr. Bicanic amended this paragraph to read: "The specifications concerning the shipments", etc. Mr. Feller had the same reservations on this paragraph as on the preceding one.

Paragraph (d) - Mr. Feller pointed out that in the Administration draft it was proposed that goods be consigned to the Chief of Mission, whereas the counter-proposal provided for consignment to the Government. Under the Administration draft UNRRA would pay costs of ocean shipping, land transport to the borders of the country, and would bear the risks of any loss.

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the ability of the Administration to cope with this purely local problem. Dr. Bicanic added that he was not too concerned about the problem of consignment and was agreeable that the goods be consigned to the Chief of the Mission provided the supplies would become the property of the Government at the points specified in the Yugoslav draft of the Agreement. Mr. Feller concluded the discussion of the point, stating that this problem would have to be taken up with the Director General.

There was considerable discussion on the proposal by the Yugoslav Delegation to designate an arbiter to establish the facts in case of disputed shipments. The Administration's representatives generally felt that such an elaborate procedure was unnecessary.

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Paragraph (f) - Mr. Feller asked what was intended in the changes proposed in paragraph (f) which represents a revision of paragraph (d) in the Administration draft. Dr. Bicanic stated that the following terms were omitted because they were not clear to the Yugoslav Delegation: inspect, consult and full. In addition, they believe it unnecessary to enumerate the points of access and records which might be examined and finally, all references should be to goods supplied by the Administration.

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B. Article IV - Financial Provisions

Par. a. Dr. Bicanic explained that there was an error in the preparation of this paragraph and that no change was intended from the Administration draft. Minor changes agreed to were the substitution of "Yugoslav currency" for "local currency" and of the agreed upon phrase for "consult".

Par. b. Mr. Feller stated that the major difference in the draft proposed by the Yugoslav Delegation was that only such part of the proceeds from sale, etc., as might be agreed upon would be made available to the Administration. Dr. Bicanic explained that the Government would like to retain part of the proceeds so that it might be used as a deflationary instrument. Mr. Schachter stated that the question whether all or part of the proceeds would be made available was a fundamental one which would have to be referred to the Director General.

Dr. Bicanic stated that the reference to the "special account" was a special account in the name of the Administration in the Bank of Yugoslavia. Mr. Polak thought that these provisions would have to be reviewed from a point of view of any technical problems which they might present, although he could see no objection in principle.

Par. c. Mr. Schachter could see no objection to the minor changes suggested by the Yugoslav Delegation.

Par. d. Mr. Schachter stated that no basic change was involved in this paragraph.

Par. e. Mr. Schachter pointed out that the substitute proposed by the Yugoslav Delegation omitted the examples of suitable subjects for agreement as to the expenditure of local currency. Whereas the Administration draft has tried to specify the kinds of things that could form the basis of such agreements, the substitute draft merely quotes the language of the resolution and goes no further. Dr. Bicanic explained that he would not like to enumerate these examples because it gives the impression that the Government expects to export goods the very first month of relief and rehabilitation operations. If UNRRA supplies covered all of the essential needs of the country, he was sure that the Government would place at the disposal of UNRRA all surpluses which might be exported. If UNRRA supplies were inadequate, the Government would have to use its own surpluses to obtain such necessities on the basis of barter agreements. He was, however, willing to see included a general statement on the willingness of the Government to see these funds used for purchase of surpluses under certain

conditions and he thought that a general statement of principle might be better than these specific examples. Mr. Schachter concluded the discussion at this point by stating that he would take this matter up with Administration officials.

Par. f. Dr. Bicanic agreed to accept the original language in paragraph g of the Administration draft provided that the phrase "through the National Bank" was inserted. Mr. Schachter agreed that this was satisfactory.

Paragraph f of the Administration Draft

Mr. Schachter pointed out that paragraph f of the Administration draft which provides for a policy of maintaining the value of the Administration's local currency holdings in terms of purchasing power within Yugoslavia had been omitted from the draft proposed by the Yugoslav Delegation. Dr. Bicanic explained that such a provision would upset all efforts of the Government to stabilize the currency of the country and that it had always been illegal in commercial transactions to include any gold clause or stabilization clause. Mr. Schachter stated that he would raise this question with the officials of the Administration.

Future Action:

Dr. Bicanic stated that he would like to have further discussion on these first articles as soon as the Administration had reviewed the counter proposals submitted and that he was anxious to reach agreement before Governor Lehman left for London. He would make every effort to complete their proposals for the remaining articles of the agreement but that he would like to proceed with the discussion on the first four articles in the meantime.

Attachment:

Copy of draft submitted
by Yugoslav Delegation

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

SUMMARY OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT

BUREAU OF AREAS (S.S.)
RECEIVED

NOV 3 - 1944

2 November 1944

TIME _____

The Yugoslav Delegation presented a substitute draft of the basic agreement for consideration of the Administration.

The major points of difference in the Yugoslav draft are:

1. It is proposed that a general six month plan of supplies be agreed to semiannually and that specific three month operational plans with quantities, qualities and terms of delivery be agreed to on a current basis. The plan also includes a procedure for arbitration of facts on disputed shipments.
2. It is proposed that supplies be consigned to the Government and that title be passed upon arrival of supplies at Yugoslav territory, Trieste and Salonika.
3. Provision for inspection and observance of distribution is stated in restricted terms.
4. Provision for consultation on rationing, price control, etc. is omitted and it is proposed only that "the Director General will be informed by the Government concerning the distribution of supplies furnished by the Administration."
5. Provision is made for making available only part rather than all of the proceeds of sale of supplies.
6. The provision relating to maintenance of value of local currency proceeds have been omitted.
7. Reference to suitable subjects for agreement on the expenditure of local currency proceeds is omitted.

The explanation of the reasoning behind these proposals and the tentative agreements reached on these and minor changes are contained in the full report of the meeting.

5 November 1944

REPORT ON CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT
2 November 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Mr. Alexander
Mr. Gottlieb

USRA

Mr. Feller
Mr. Menstikov
Mr. Sayre
Mr. Lanthsky
Mr. Gordon
Mr. Polek (for discussion of financial provisions)
Mr. Schachter

1. General Statement

Dr. Bicanic stated that he and his associates had reviewed the proposed Basic Agreement and have some changes to propose. Their general approach was to make the Agreement more definite and specific, particularly with respect to supplies and program. Dr. Bicanic then made available a substitute draft of the Basic Agreement which the Yugoslav Delegation had prepared.

In response to a question from Mr. Sayre, Dr. Bicanic stated that in presenting the counter-proposals he was speaking for his Delegation; that it will be necessary to refer the final Agreement to his Government or receive telegraphic authority from them to sign the Agreement on their behalf. He added that there might be a new Government in the near future.

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- (a) All references to the military period had been deleted
- (b) In substitution of the provision for consultation with the Government on the import program it was suggested that the Administration and Government jointly establish a plan of relief and that this plan be for six months ahead.

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(Note: All references to paragraphs are those of the substitute draft submitted by the Yugoslav Delegation)

"In accordance with the Agreement and the Resolutions, the Administration will furnish Yugoslavia with relief and rehabilitation supplies and services as soon after the termination of the military period as possible. Mr. Feller made it clear that it would not be possible for the Administration, according to the current thinking of the Director General, to make UNRRA supplies available during the military period but that the Administration wanted there to be no hiatus between the termination of military supplies and the availability of UNRRA supplies. It would, of course, be satisfactory for the Administration to provide services during the military period if the military is not in a position to provide them. Also, we would engage in necessary administrative activities during the military period to arrange for supplies so that deliveries will begin immediately on the termination of the military period. It was finally agreed that Mr. Feller would draft a revision of this Article incorporating these ideas.

The Yugoslav draft added the phrase: "The Government will cooperate with the Administration for this purpose." Mr. Feller saw no objection to this addition.

Mr. Feller noted that references to Yugoslavia's inability to pay with suitable means of foreign exchange had been deleted from this Article. Dr. Sicanic stated that this provision had been incorporated in Article IV. However, an examination of Article IV indicated that it had not been inserted. It was agreed that it would be inserted in Article IV. It was also agreed that the phrase, "so long as it is determined", would be changed to read, "for such period as it is determined."

Dr. Sicanic explained the reasoning behind the inclusion of the provision for establishing a plan of relief and rehabilitation supplies for six months ahead. He stated that the Yugoslav Government would like a fixed and determined operational plan for a three-month period. It was recognized that uncertainties might not permit such specific planning for a longer period of time. It was, however, essential that there be a general plan for a six-month period so that the Government could properly make its own plans. This suggestion was in lieu of the reference in the Administration draft "from time to time". Mr. Feller could see no objection in principle but stated that this was a practical question of operating procedure which would have to be decided upon by Mr. Hendrickson. So far as joint determination of the import program, this was intended in the Administration draft. However, Mr. Feller was concerned about this paragraph in the light of the provisions of Article III, which appeared to place obligations upon the Administration similar in character to those normally assumed by a commercial supplier. He would like to leave final judgment on this paragraph pending discussion of Article III. Mr. Sayre suggested the phrase "for successive six months period" instead of "for six months ahead", which was accepted by Dr. Sicanic.

5. Article II - Administration of Services

No change has been suggested in this Article.

4. Article III - Transfer and Distribution of Supplies

Paragraph (a) - Mr. Feller believed that this paragraph was satisfactory.

Paragraph (b) - Mr. Feller had no objection to this proposal in principle providing it could be done as a practical matter, and this was a question Mr. Hendrickson would have to pass upon. Dr. Bicanic explained the reasoning behind this paragraph. He stated that the Government had to plan a system of distribution in which relief goods would form a considerable part. The plans of the Government will depend upon UNRRA's activities. If the Government is in the dark as to what UNRRA can provide, they will be unable to plan. For example, it will not be possible to establish the amount of rations for certain commodities unless the amounts to be made available by UNRRA are known. Furthermore, supplies will require sixty to ninety days from the time the supplies are procured until they will actually reach the country. Therefore, a three-month operating plan appears reasonable.

Mr. Mamshikov stated that UNRRA could not be bound by such a program as it might not be in a position to obtain transportation, which is outside its control. Dr. Bicanic reiterated that the country would be unable to organize its program if it did not know what it was going to receive. Mr. Feller agreed that this presented a problem but that we might as well face the fact that the program will be uncertain for some time to come. The Bureau of Supply will, of course, want to operate in the manner suggested by the Yugoslav Delegation. Whether the Administration can bind itself on matters of quantity, quality and terms of delivery is another matter. Mr. Feller concluded that the feasibility of this plan would need to be determined by Mr. Hendrickson.

Paragraph (c) - After some discussion Dr. Bicanic amended this paragraph to read: "The specifications concerning the shipments", etc. Mr. Feller had the same reservations on this paragraph as on the preceding one.

Paragraph (d) - Mr. Feller pointed out that in the Administration draft it was proposed that goods be consigned to the Chief of Mission, whereas the counter-proposal provided for consignment to the Government. Under the Administration draft UNRRA would pay costs of ocean shipping, land transport to the borders of the country, and would bear the risks of any loss.

Dr. Bicanic stated that he would prefer to discuss first the second sentence dealing with the point at which the supplies became the property of the Government. Mr. Feller stated that the Administration draft left this point flexible but that it did not preclude the arrangements suggested in the Yugoslav draft. He suggested that it might be desirable to transfer the supplies to the Government at a warehouse or as the goods left the warehouse. In connection with this latter remark, Dr. Bicanic pointed out the serious problems in warehousing and questioned

the ability of the Administration to cope with this purely local problem. Dr. Bicanic added that he was not too concerned about the problem of consignment and was agreeable that the goods be consigned to the Chief of the Mission provided the supplies would become the property of the Government at the points specified in the Yugoslav draft of the Agreement. Mr. Feller concluded the discussion of the point, stating that this problem would have to be taken up with the Director General.

There was considerable discussion on the proposal by the Yugoslav Delegation to designate an arbiter to establish the facts in case of disputed shipments. The Administration's representatives generally felt that such an elaborate procedure was unnecessary.

Paragraph (e) - Mr. Feller noted that paragraph (e) is an abbreviated statement of paragraph (c) in the Administration draft and omits many important provisions. The provision for consultation is omitted. Dr. Bicanic stated that this was omitted because they were not certain as to the meaning of the term. Mr. Feller quoted the discussion in a prior meeting on this point. At Mr. Menshikov's suggestion it was agreed that the term "consult" would be omitted and a substitute expression be inserted for "consult".

Dr. Bicanic stated that it was not clear in the Administration draft whether this provision applied to all supplies or to Administration supplies only. Mr. Feller pointed out that this is made clear in the subparagraphs which refer specifically in some cases to supplies furnished by the Administration and in others to both supplies furnished by the Administration and local supplies similar to or having a bearing on Administration supplies. Mr. Feller concluded that further consideration would be necessary on this paragraph.

Paragraph (f) - Mr. Feller asked what was intended in the changes proposed in paragraph (f) which represents a revision of paragraph (d) in the Administration draft. Dr. Bicanic stated that the following terms were omitted because they were not clear to the Yugoslav Delegation: inspect, consult and full. In addition, they believe it unnecessary to enumerate the points of access and records which might be examined and finally, all references should be to goods supplied by the Administration.

Mr. Feller stated that paragraph (d) of the Administration draft, which this paragraph is intended to supersede, is one of great concern to the Administration. He would like to retain the first sentence in the Administration draft and was willing to take out the term "full". As to the terms "inspect" and "consult", UNRRA representatives have no power with respect to individual distributors. On the other hand, inspectors ought to have the right to go to Government authorities and point out that they have discovered certain conditions which they wish to call to the attention of the Government. If this were not done, reports of UNRRA personnel would all be submitted to the Chief of Mission, who would be burdened with a mass of detail. Would the Yugoslav Delegation have any real objection to this plan?

Dr. Bicanic replied that the Yugoslav Government accepted all of the obligations in the Resolutions on this point. He was concerned about this proposal for the following reason: There will definitely be a great need for all kinds of supplies in the country. Limited supplies will be available and those who don't receive supplies may protest. It is entirely possible that these protests may be used for political purposes by local political leaders. If this problem is dealt with at the local level, it may create difficulties between the Administration and the Government. He, therefore, suggests that UNRRA personnel report to the Chief of their Mission who could take this matter up with responsible Government officials at the national level. He was, however, agreeable to changing the reference to "appropriate governmental authorities" to "authorities designated by the Government".

As to the meaning of inspection, Mr. Feller pointed out that to inspect means something more than to observe. In view of the authoritative connotation which this term appeared to have to the Yugoslav Delegation, he would inquire into possible synonyms. As the second sentence of the Administration draft of paragraph (d), Mr. Feller explained that it was intended to implement the general provisions of the first sentence. Did Dr. Bicanic think this was unreasonable? Dr. Bicanic pointed out that the language was extremely loose; under this provision UNRRA representatives could inspect pantries in private homes. Mr. Feller agreed that the language might be tightened and that the Administration would propose a modification.

It was agreed that reference to the special certificates to be provided personnel of the Administration should be taken up in connection with the Article dealing with privileges and immunities.

Paragraph (g) - Mr. Feller noted that the Yugoslav Delegation had substituted for the phrase "the Government will afford the Administration" the statement that "the Government and the Administration will cooperate". Dr. Bicanic explained that he was concerned lest information be issued which might affect the safety of the country, encourage hoarding or have other adverse affects stimulating speculation. Mr. Feller did not think that any serious problem was presented in this paragraph.

5. Article IV - Financial Provisions

Par. a. Dr. Bicanic explained that there was an error in the preparation of this paragraph and that no change was intended from the Administration draft. Minor changes agreed to were the substitution of "Yugoslav currency" for "local currency" and of the agreed upon phrase for "consult".

Par. b. Mr. Feller stated that the major difference in the draft proposed by the Yugoslav Delegation was that only such part of the proceeds from sale, etc., as might be agreed upon would be made available to the Administration. Dr. Bicanic explained that the Government would like to retain part of the proceeds so that it might be used as a deflationary instrument. Mr. Schachter stated that the question whether all or part of the proceeds would be made available was a fundamental one which would have to be referred to the Director General.

Dr. Bicanic stated that the reference to the "special account" was a special account in the name of the Administration in the Bank of Yugoslavia. Mr. Polak thought that these provisions would have to be reviewed from a point of view of any technical problems which they might present, although he could see no objection in principle.

Par. c. Mr. Schachter could see no objection to the minor changes suggested by the Yugoslav Delegation.

Par. d. Mr. Schachter stated that no basic change was involved in this paragraph.

Par. e. Mr. Schachter pointed out that the substitute proposed by the Yugoslav Delegation omitted the examples of suitable subjects for agreement as to the expenditure of local currency. Whereas the Administration draft has tried to specify the kinds of things that could form the basis of such agreements, the substitute draft merely quotes the language of the resolution and goes no further. Dr. Bicanic explained that he would not like to enumerate these examples because it gives the impression that the Government expects to export goods the very first month of relief and rehabilitation operations. If UNRRA supplies covered all of the essential needs of the country, he was sure that the Government would place at the disposal of UNRRA all surpluses which might be exported. If UNRRA supplies were inadequate, the Government would have to use its own surpluses to obtain such necessities on the basis of barter agreements. He was, however, willing to see included a general statement on the willingness of the Government to see these funds used for purchase of surpluses under certain

conditions and he thought that a general statement of principle might be better than these specific examples. Mr. Schachter concluded the discussion at this point by stating that he would take this matter up with Administration officials.

Par. f. Dr. Bicanic agreed to accept the original language in paragraph g of the Administration draft provided that the phrase "through the National Bank" was inserted. Mr. Schachter agreed that this was satisfactory.

Paragraph f of the Administration Draft

Mr. Schachter pointed out that paragraph f of the Administration draft which provides for a policy of maintaining the value of the Administration's local currency holdings in terms of purchasing power within Yugoslavia had been omitted from the draft proposed by the Yugoslav Delegation. Dr. Bicanic explained that such a provision would upset all efforts of the Government to stabilize the currency of the country and that it had always been illegal in commercial transactions to include any gold clause or stabilization clause. Mr. Schachter stated that he would raise this question with the officials of the Administration.

Future Action:

Dr. Bicanic stated that he would like to have further discussion on these first articles as soon as the Administration had reviewed the counter proposals submitted and that he was anxious to reach agreement before Governor Lehman left for London. He would make every effort to complete their proposals for the remaining articles of the agreement but that he would like to proceed with the discussion on the first four articles in the meantime.

Attachment:

Copy of draft submitted
by Yugoslav Delegation

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

1 November 1944

TO: M. Menshikov
G. Xanthaky

FROM: Joel Gordon

There will be a meeting Thursday, 2 November, at 11 o'clock in Mr. Feller's office with the Yugoslav Delegation to discuss the Basic Agreement. All other meetings with the technical divisions have been postponed at the request of Dr. Bicanic. A new schedule of meetings will be developed as soon as Dr. Bicanic is prepared to continue these discussions.

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO WELFARE SERVICES

31 October 1944

Present: Yugoslav Delegation

Dr. Bicanic, Miletich and Milovanovich

UNRRA

Messrs. Van Hynning, Burns, Marks,
Gordon and Tomasovich

(1) Welfare services available from UNRRA (Mr. Van Hynning)

Mr. Van Hynning explained that UNRRA is prepared to provide welfare services which the government wants and requests. The Administration prefers to see the Government do the job and that the Administration provide specialists, if requested, to advise the Government on the organization and planning of welfare services of the Government. If requested, the Administration can administer services directly. On the whole, the Administration prefers to send as few persons as possible.

The Administration in the absence of an expression of the plans of the Government, has developed some tentative ideas on the fields of welfare activity in which assistance could be provided. A statement along these lines has been prepared by the Welfare staff in the Balkan Mission. The Welfare Division will be glad to make this statement available to the Yugoslav delegation (as requested) and will revise it in the light of the needs expressed at this meeting. This statement will also contain a tentative staffing schedule, which will be modified to meet the needs expressed subsequently.

(2) Welfare Organization in Yugoslavia (Dr. Bicanic)

At Mr. Van Hynning's request, Dr. Bicanic made the following statement on welfare organization in the country: Yugoslavia had efficient organizations for carrying out welfare services. These organizations have had to carry out social welfare programs on a large scale, particularly at the end of the last war. However, the situation may be such now that no normal organizations can cope with the problem, which goes much deeper than welfare. The entire country presents a welfare problem and it is therefore hard to distinguish welfare from the general relief and rehabilitation of the country.

It is difficult to say where a welfare program should start, since the problem is of such magnitude .

Prior to the war, Yugoslavia had a ministry of social welfare which dealt with welfare problems. We don't know what organizations will be used after liberation. Many of the former organizations will not be in existence. There will, however, be a certain number of trained workers available. The National Liberation Committee has many enthusiastic although not well trained workers, whose adaptability and enthusiasm should make them useful for this purpose.

(3) Relief problem

Mr. Van Hyning asked how food, clothing and other relief would be distributed to persons unable to pay and would the Government want assistance in this field. Dr. Bicanic explained that this will be a problem of great magnitude, which can best be left to local committees who know the local situation. He was opposed to any central prescription on this matter, which would be unworkable.

(4) Vocational training for disabled persons (Dr. Bicanic)

The problem of providing vocational training to the disabled would be of great magnitude. Was UNRRA able to provide experts to assist in organizing some centers for this purpose and provide necessary equipment. Mr. Van Hyning thought this could be done. The problem of equipment would need to be looked into.

(5) Welfare teams

Mr. Van Hyning stated that there would be available for the Balkans some 20 to 25 welfare teams. In response to Dr. Bicanic's request for a description of these teams, Mr. Van Hyning explained that a team consisted of about 15 people and was a complete operating unit, with a doctor, nurse, welfare worker, cook, driver, etc. and with a mobile kitchen, first aid supplies and other necessary equipment. It was organized to provide emergency feeding, health and other services. Dr. Bicanic wanted to know whether the equipment for these teams might be made available directly to the Government, since the number of teams needed might exceed the ability of UNRRA to supply. Could a list of the equipment be made available? Mr. Van Hyning agreed that this could be done.

(6) Voluntary personnel

Mr. Van Hyning asked how the Government felt about the use of personnel supplied by voluntary agencies. He explained that this personnel would be used in two ways: (a) to supplement UNRRA staff and work under their direction and (b) to carry out their own special supplemental programs provided the Government wanted such programs.

Whether these voluntary agencies would continue their activities after the relief period could be settled between the Government and the Voluntary agencies directly. Dr. Bicanic stated that Yugoslavia had some bad experiences during the last war with certain voluntary agencies; they would therefore want to give serious consideration to the proposed programs of these agencies before committing themselves.

(7) Summary of welfare services needed (Dr. Bicanic)

In general, the welfare problem is so large that Yugoslavia would have built its own permanent welfare organizations. They would like technical assistance at the top level for this purpose -- in certain definite fields, such as mass feeding, child care, vocational training, etc. As to other assistance needed, it would be best to provide such assistance for specific and urgent services as they arose. It would not be desirable to bring in a large welfare staff for general and unspecified purposes. It would therefore be desirable for a small number of top specialists to enter the country with the UNRRA mission, work out with the appropriate Government officials a specific program and bring in subsequently such additional personnel as would be needed to carry out the specific jobs agreed upon. Was this approach satisfactory? Mr. Van Hyning thought that this arrangement would be satisfactory.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

ONRRA
Form No. AD-2
(20 June 1944)

ROUTE SLIP

Date 6 Nov.

To

Mr. Joel Gordon
Coles

Room No. 318

- | | |
|--|---------|
| <input type="checkbox"/> Approval | REMARKS |
| <input checked="" type="checkbox"/> Comment | |
| <input type="checkbox"/> Prepare Reply | |
| <input type="checkbox"/> Necessary Action | |
| <input type="checkbox"/> Note and Return | |
| <input type="checkbox"/> Note and File | |
| <input type="checkbox"/> Investigate | |
| <input type="checkbox"/> Signature | |
| <input type="checkbox"/> See Me | |
| <input type="checkbox"/> As requested | |
| <input type="checkbox"/> For your
information | |
| <input type="checkbox"/> Per telephone
conversation | |

From

Mr. Mastly
Helfare

Room No. 1111

441374

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO WELFARE SERVICES, 31 October 1944

Present: Yugoslav Delegation — Dr. Bicanic
Mr. Miletich
Mr. Milanovich

UNRRA

— Conrad Van Hyning, Welfare Division
Donald S. Howard, Welfare Division
P. H. Byrns, Welfare Division
Samuel Martz, Welfare Division
Joel Gordon, Bureau of Areas
Jozo Tomasevich, Bureau of Areas

The meeting was called to explore the types of UNRRA welfare services that might be available for meeting the needs of the Yugoslav people and to obtain a general picture of the need for welfare services that exist in Yugoslavia.

UNRRA Welfare Services

Mr. Van Hyning, Acting Director of the Welfare Division, explained that UNRRA is prepared to provide technical advice and assistance on all phases of relief and welfare, in accordance with such plans as may be agreed upon between UNRRA and the Yugoslav Government. UNRRA policy provides that the Government assume the primary responsibility for the distribution of relief and welfare services. UNRRA can make available such technical specialists as may be requested by the Government to assist it in planning and organizing the needed programs and services. If requested, UNRRA is prepared to administer directly such welfare services as the Yugoslav Government may designate.

UNRRA can provide technical advice and consultation in the establishment and operation of a wide range of welfare programs and services including emergency feeding, emergency shelter, relief centers, centers for registration of displaced persons, and information, advice, and counselling centers. In addition, the Welfare Division can assist, to the extent that its services are requested by the Government, in developing standards and methods of operation for assistance to persons in their own homes; care for homeless and internally displaced persons; and child welfare programs for persons needing specialized care to meet serious economic and social problems.

In addition to the Technical Welfare Consultants, UNRRA can also make available the services of a certain number of workers who might be used in conjunction with welfare teams. These are mobile units designed to provide emergency feeding, shelter, or other relief services to localities or groups which could not otherwise be served. The number and types of personnel included in such teams would vary according to the nature of the problem to be met. The make-up of a relief team organized primarily for emergency feeding purposes is illustrated in the Appendix.

The extent to which UNRRA's services are requested by the Yugoslav Government will, of course, determine the nature and scope of the UNRRA welfare operation in Yugoslavia, and the numbers and types of UNRRA personnel to be provided. The UNRRA Balkan Mission in consultation with Yugoslav officials, has been working on general welfare plans. However, until the welfare plans of the Government are developed, UNRRA planning must remain very tentative and cannot be formulated into a specific program. The types of welfare specialists which can be provided by UNRRA include those with skills in child welfare, emergency feeding, emergency shelter, occupational training including the training of the physically handicapped, general relief, welfare specialists in camps and in centers organized for displaced persons, institutional care, and a specialist in surveying and evaluating relief and welfare needs.

Welfare Organization in Yugoslavia

Dr. Bicanic outlined the organization of welfare activities in Yugoslavia. Prior to occupation by the enemy, Yugoslavia had efficient organizations for carrying out welfare services on a large scale. However, the situation may be such now that the normal organizations may not be able to cope with the problems. The entire country presents a welfare problem and it is therefore difficult to distinguish welfare needs from those of the general relief and rehabilitation needs of the country.

Prior to the war, Yugoslavia had a Ministry of Social Welfare and Health which dealt with welfare problems. It is difficult to ascertain which welfare organizations will be available after liberation. However, there will be a number of trained workers and a relatively large number of persons who might be readily trained.

The problem of distributing assistance to persons unable to pay for the basic necessities will be a problem of great magnitude which can be best handled locally rather than through any national procedures.

Vocational training for the disabled will present another very important problem. Mr. Van Hyning stated that UNRRA could provide the technical assistance necessary to organize centers for the training of such persons. The possibility of providing equipment for such centers, however, will require further investigation.

Dr. Bicanic, in summary, pictured the problem in Yugoslavia as one requiring the Government to rebuild at once its own permanent welfare organization. To this end, Yugoslavia would like technical assistance at the top level to assist in planning and organizing welfare services in certain fields such as child care, vocational training, mass feeding, etc. As to other assistance which might be needed, it would be best to provide such aid for specific and urgent services as they arose. It was generally agreed that it would be desirable for a small number of top welfare specialists to enter the country

with the UNRRA Mission, cooperate with the Government in developing a specific program, and to bring in subsequently such additional personnel as would be required to assist in carrying out the specific welfare program planned by the Yugoslav Government.

Samuel Martz/nry

APPENDIX

PERSONNEL AND EQUIPMENT OF A WELFARE TEAM (Primarily for emergency feeding)

<u>Type of Personnel</u>	<u>Qualifications</u>
1 Officer in Charge	Organizing ability, leadership and experience in surveying relief and welfare needs.
1 Assistant Officer in Charge	Administration, accounting, and clerical experience.
1 Supplies Officer	Management of stores and equipment.
1 Welfare Officer (Registration)	Experience in case work and welfare services.
1 Welfare Officer (General)	Experience in case work, organizing, handicrafts, etc.
1 Hygiene Officer	A nurse or a responsible person with organizing ability, first aid, home nursing, child care, and clerical experience.
1 Catering Advisor	Cooking supervision and catering experience for large numbers of persons, knowledge of food values and nutrition.
1 Sanitary Assistant	If not a trained sanitary inspector, experience in sanitary inspection.
1 Driver Mechanic	Organizing ability and a good foreman.
1 Clerk-Cook	Interpreter who can type and help with the cooking, when necessary.

Transport

- 3 - 3 ton trucks
- 1 - 15 cwt. truck
- 1 - 8 cwt. truck

Report of Conference
with Yugoslav Delegation
Relating to Industrial
Rehabilitation Services

31 Oct 44

Report of Conference with
Yugoslav Delegation Relating
to Industrial Rehabilitation
Services -

31 Oct 1944

28 October 1944

TO: George Xanthaky
FROM: M. Sokolowski *MS.*
SUBJECT: Your memorandum 27 October 1944 re
Conference with Yugoslav Delegation

I have read over the above memorandum and would like to call your attention to the following:

On page 4, second paragraph, mention is made of "expenditures in Yugoslavia relating to relief and rehabilitation operations in other areas," and further: "Procurement of supplies which Yugoslavia has available for use in other liberated areas..." (underscoring mine).

On the same page, last paragraph, it is stated: "All of the proceeds from the sale will be looked upon as a relief and rehabilitation fund for the country."

Since it is clear that expenditures and procurement of supplies in Yugoslavia may be used in other liberated areas, and as this is, I believe, what I said, I would suggest that the above quoted sentence be changed to read: "All of the proceeds from the sale will be looked upon as a relief and rehabilitation fund; the country's own needs will have priority."

FIA:CIIngram:CI

20 October 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO FOOTWEAR SUPPLIES
20 October 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Dr. Milovanovic
Mr. Bondy
Mr. Stager

UNRRA Representatives

Dr. Gold
Mr. A. Gordon
Mr. Bergithon
Mr. Winslow
Mr. J. Gordon
Mr. Tomasevich

Discussion of Requirements Estimates

Mr. Bergithon explained that the estimates submitted by the Yugoslav Government had been reviewed and were believed to be above the bases. It appeared to him that the estimates were based on a deficiency of 72 percent as compared with an estimate by the Office of Strategic Services of 50 percent.

Dr. Bicanic replied that the estimate was based on a deficiency of 80 percent and emphasized that the shortage of footwear was one of the most serious problems faced by the country and that it was immobilizing a large part of the population.

Mr. Bergithon stated that if you added to the request for shoes the amount requested in the form of leather and other raw materials a total of 35,000,000 pairs of shoes would be provided. This, he stated, was inconsistent with the bases of requirements which provided for one pair of wearable shoes per person.

After considerable discussion of the method employed by the Yugoslav Government in computing the estimates it was pointed out by Dr. Gold that the basic difficulty appeared to be that the Yugoslav estimate was based on two pairs of wearable shoes per person, which clearly was inconsistent with the bases. Dr. Bicanic accepted this point and agreed to work out revised estimates on this basis.

Types of Footwear Needed by Yugoslavia

1. Canvas Footwear to be Purchased by UNRRA

Dr. Gold asked the Delegation whether they thought that the canvas footwear which UNRRA is purchasing will be suitable for Yugoslavia. Dr. Milovanovic thought that it would not withstand the climate in some parts of the country but that in others it would be satisfactory. Dr. Riscanic added that it would be difficult to use these shoes in some parts of the country where women and children will have to work in the fields, primarily because he understood that the shoes were not waterproof. Dr. Gordon explained that these shoes were waterproof and in this respect were as good as low grade leather; tests made by the Office of the Quartermaster General were available on this point. Dr. Riscanic requested a copy of this report, which it was agreed would be supplied.

Dr. Gold asked whether there would be the same objection to the canvas for the urban as well as the rural population. Dr. Milovanovic thought not but wondered whether these shoes had sufficient warmth. Dr. Gordon explained that these shoes have been available in limited quantities in this country for domestic trade and have been very popular; also that countries north of Yugoslavia which have a colder climate have accepted these shoes (for example, Poland).

2. Shape and Size

Dr. Milovanovic presented a size scale indicating the sizes which would be suitable for Yugoslavia. Mr. Gordon reviewed this scale and stated that our scales are in general larger and that no problem should be presented on this score.

3. Leather

Mr. Gordon explained that such a small quantity of leather has been allocated that it would be hardly worthwhile to distribute and that he would prefer to see this small quantity of leather used for rebuilding Army shoes and for other related purposes so that it would go much further. He added in a response to a request from the Delegation that leather ballies would be available but he wondered whether they were of much use. He would prefer to use the leather ballies together with the small amount of better quality of leather that would be available to rebuild Army shoes.

4. Availability of Mexican Sandals

Mr. Gordon explained that the Mexican Government may make an offering of Mexican sandals which represent distressed stocks but that it will not give up any leather. He wondered whether these sandals would be suitable for Yugoslavia. The general consensus of opinion was that they would not be worth bothering about.

5. Rebuilt Army Shoes

Mr. Gordon pointed out that a large part of the requirements for men's and boys' shoes would be available in the form of rebuilt Army shoes. Dr. Bicanic wanted to know how long such shoes would last. Mr. Gordon explained that they would last as long as the best new shoes; that they were not repaired shoes but were completely rebuilt, including sterilization of all used materials.

6. Composition Rubber Soles

Dr. Bicanic explained that the peasants used old rubber to make their own sandals. Would it be possible to provide old rubber for this purpose? Mr. Gordon stated that composition rubber soles would be provided. The question was raised as to whether these soles could be sewn onto the shoes. Mr. Gordon thought this would be extremely difficult unless machine sewing was available; the easiest method would be to use nails.

7. Proposal for Agreement on Hide and Leather Control

Mr. Gordon stated that the present shortage of hides and leather presented a most serious problem. There was in sight an annual supply of only 7,000,000 hides, which was totally inadequate. No satisfactory explanation was available as to what was responsible for the shortage, but it was believed that higher domestic consumption in the producing countries and speculation were responsible. For this reason the Combined Boards were reluctant to make any allocations to the Administration without a provision for certain controls. One reason for this position was that rationing will be necessary in this country in order to get the hides and there will be reluctance to force such a sacrifice to be made without adequate controls. For this reason the Administration is trying to work out a plan for a joint hide control organization in the Administration; all countries would be asked to sign an agreement to participate in this control, to report all hides within their country, or by nationals of their country in other countries, and to import all hides through the joint control organization; also the participating countries would agree to report all offerings of hides to be made. This control arrangement would, in the opinion of Mr. Gordon, provide for equitable distribution of available hides, eliminate competitive bidding and keep the prices of hides within a reasonable ceiling. Was the Yugoslav Delegation agreeable to such a plan?

Dr. Bicanic stated that at first glance the proposal seemed to be a reasonable device for putting order into the market. Mr. Gordon stated that no allocations could be made to any country except on condition that they sign such an agreement to participate in this control. Dr. Bicanic

stated emphatically that he could not agree to the proposal that approval of allocations would be conditional on the signing of an agreement. He pointed out that this was not the appropriate place to talk postwar commercial arrangements and that conditions cannot be placed upon the Yugoslav Government at this time or place.

Dr. Gold agreed that this proposal was not a necessary part of the current discussions on requirements and suggested that this whole problem be deferred until the proper time.

B. Miscellaneous Problems of Supply

Mr. Gordon explained that there was an extreme shortage in fabrics for uppers. He pointed out that there was no item included in the Yugoslav estimate for rubber heels for repair purposes, also that sole leather and slabs should be rubber composition rather than leather. He asked the Government to indicate what thicknesses were desired in composition rubber soles. It was tentatively agreed that 10 and 12 iron thicknesses were desirable. Mr. Gordon asked whether used Army shoes which were too old to be rebuilt would be of any use to the Yugoslav Government; it was agreed that they would be of no value. Mr. Gordon asked whether the Government wanted any shoe repair kits which were not included in their estimates. Dr. Riscic stated that these kits would be needed and that an estimate would be submitted.

Prepared by:
Joel Gordon, Chief
Yugoslav Branch

23 October 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO FOOTWEAR SUPPLIES
23 October 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Dr. Milovanovic
Mr. Bondy
Mr. Stegar

UNRRA Representatives

Dr. Gold
Mr. A. Gordon
Mr. Bergithon
Mr. Winslow
Mr. J. Gordon
Mr. Temesovich

Discussion of Requirements Estimates

Mr. Bergithon explained that the estimates submitted by the Yugoslav Government had been reviewed and were believed to be above the bases. It appeared to him that the estimates were based on a deficiency of 72 percent as compared with an estimate by the Office of Strategic Services of 80 percent.

Dr. Bicanic replied that the estimate was based on a deficiency of 80 percent and emphasized that the shortage of footwear was one of the most serious problems faced by the country and that it was immobilizing a large part of the population.

Mr. Bergithon stated that if you added to the request for shoes the amount requested in the form of leather and other raw materials a total of 35,000,000 pairs of shoes would be provided. This, he stated, was inconsistent with the bases of requirements which provided for one pair of wearable shoes per person.

After considerable discussion of the method employed by the Yugoslav Government in computing the estimates it was pointed out by Dr. Gold that the basic difficulty appeared to be that the Yugoslav estimate was based on two pairs of wearable shoes per person, which clearly was inconsistent with the bases. Dr. Bicanic accepted this point and agreed to work out revised estimates on this basis.

Types of Footwear Needed by Yugoslavia

1. Canvas Footwear to be Purchased by UNRRA

Dr. Gold asked the Delegation whether they thought that the canvas footwear which UNRRA is purchasing will be suitable for Yugoslavia. Dr. Milovanovic thought that it would not withstand the climate in some parts of the country but that in others it would be satisfactory. Dr. Bicanic added that it would be difficult to use these shoes in some parts of the country where women and children will have to work in the fields, primarily because he understood that the shoes were not waterproof. Mr. Gordon explained that these shoes were waterproof and in this respect were as good as low grade leather; tests made by the Office of the Quartermaster General were available on this point. Dr. Bicanic requested a copy of this report, which it was agreed would be supplied.

Dr. Gold asked whether there would be the same objection to the canvas for the urban as well as the rural population. Dr. Milovanovic thought not but wondered whether these shoes had sufficient warmth. Mr. Gordon explained that these shoes have been available in limited quantities in this country for domestic trade and have been very popular; also that countries north of Yugoslavia which have a colder climate have accepted these shoes (for example, Poland).

2. Shape and Size

Dr. Milovanovic presented a size scale indicating the sizes which would be suitable for Yugoslavia. Mr. Gordon reviewed this scale and stated that our scales are in general larger and that no problem should be presented on this score.

3. Leather

Mr. Gordon explained that such a small quantity of leather has been allocated that it would be hardly worthwhile to distribute and that he would prefer to see this small quantity of leather used for rebuilding Army shoes and for other related purposes so that it would go much further. He added in a response to a request from the Delegation that leather ballies would be available but he wondered whether they were of much use.. He would prefer to use the leather ballies together with the small amount of better quality of leather that would be available to rebuild Army shoes.

4. Availability of Mexican Sandals

Mr. Gordon explained that the Mexican Government may make an offering of Mexican sandals which represent distressed stocks but that it will not give up any leather. He wondered whether these sandals would be suitable for Yugoslavia. The general consensus of opinion was that they would not be worth bothering about.

5. Rebuilt Army Shoes

Mr. Gordon pointed out that a large part of the requirements for men's and boys' shoes would be available in the form of rebuilt Army shoes. Dr. Bicanic wanted to know how long such shoes would last. Mr. Gordon explained that they would last as long as the best new shoes; that they were not repaired shoes but were completely rebuilt, including sterilization of all used materials.

6. Composition Rubber Soles

Dr. Bicanic explained that the peasants used old rubber to make their own sandals. Would it be possible to provide old rubber for this purpose? Mr. Gordon stated that composition rubber soles would be provided. The question was raised as to whether these soles could be sewn onto the shoes. Mr. Gordon thought this would be extremely difficult unless machine sewing was available; the easiest method would be to use nails.

7. Proposal for Agreement on Hides and Leather Control

Mr. Gordon stated that the present shortage of hides and leather presented a most serious problem. There was in sight an annual supply of only 7,000,000 hides, which was totally inadequate. No satisfactory explanation was available as to what was responsible for the shortage, but it was believed that higher domestic consumption in the producing countries and speculation were responsible. For this reason the Combined Boards were reluctant to make any allocations to the Administration without a provision for certain controls. One reason for this position was that rationing will be necessary in this country in order to get the hides and there will be reluctance to force such a sacrifice to be made without adequate controls. For this reason the Administration is trying to work out a plan for a joint hide control organization in the Administration; all countries would be asked to sign an agreement to participate in this control, to report all hides within their country, or by nationals of their country in other countries, and to import all hides through the joint control organization; also the participating countries would agree to report all offerings of hides to be made. This control arrangement would, in the opinion of Mr. Gordon, provide for equitable distribution of available hides, eliminate competitive bidding and keep the prices of hides within a reasonable ceiling. Was the Yugoslav Delegation agreeable to such a plan?

Dr. Bicanic stated that at first glance the proposal seemed to be a reasonable device for putting order into the market. Mr. Gordon stated that no allocations could be made to any country except on condition that they sign such an agreement to participate in this control. Dr. Bicanic

stated emphatically that he could not agree to the proposal that approval of allocations would be conditional on the signing of an agreement. He pointed out that this was not the appropriate place to talk postwar commercial arrangements and that conditions cannot be placed upon the Yugoslav Government at this time or place.

Dr. Gold agreed that this proposal was not a necessary part of the current discussions on requirements and suggested that this whole problem be deferred until the proper time.

B. Miscellaneous Problems of Supply

Mr. Gordon explained that there was an extreme shortage in fabrics for uppers. He pointed out that there was no item included in the Yugoslav estimate for rubber heels for repair purposes, also that sole leather and slabs should be rubber composition rather than leather. He asked the Government to indicate what thicknesses were desired in composition rubber soles. It was tentatively agreed that 10g and 12 iron thicknesses were desirable. Mr. Gordon asked whether used Army shoes which were too old to be rebuilt would be of any use to the Yugoslav Government; it was agreed that they would be of no value. Mr. Gordon asked whether the Government wanted any shoe repair kits which were not included in their estimates. Dr. Risanic stated that these kits would be needed and that an estimate would be submitted.

Prepared by:
Joel Gordon, Chief
Yugoslav Branch

20 October 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO FOOTWEAR SUPPLIES
20 October 1944

Present:

Yugoslav Delegation

Dr. Bicanic
Dr. Milovanovic
Mr. Hendy
Mr. Steger

USRA Representatives

Dr. Gold
Mr. A. Gordon
Mr. Bergithon
Mr. Winslow
Mr. J. Gordon
Mr. Tomasevich

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Mr. Bergithon explained that the estimates submitted by the Yugoslav Government had been reviewed and were believed to be above the bases. It appeared to him that the estimates were based on a deficiency of 72 percent as compared with an estimate by the Office of Strategic Services of 50 percent.

Dr. Bicanic replied that the estimate was based on a deficiency of 80 percent and emphasized that the shortage of footwear was one of the most serious problems faced by the country and that it was immobilizing a large part of the population.

Mr. Bergithon stated that if you added to the request for shoes the amount requested in the form of leather and other raw materials a total of 55,000,000 pairs of shoes would be provided. This, he stated, was inconsistent with the bases of requirements which provided for one pair of wearable shoes per person.

After considerable discussion of the method employed by the Yugoslav Government in computing the estimates it was pointed out by Dr. Gold that the basic difficulty appeared to be that the Yugoslav estimate was based on two pairs of wearable shoes per person, which clearly was inconsistent with the bases. Dr. Bicanic accepted this point and agreed to work out revised estimates on this basis.

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Prepared by:
Joel Gordon, Chief
Yugoslav Branch

Report of Conference with
Yugoslav Delegation Relating
to Clothing + Textile Supplies -

27 Oct 1944

Report of Conference with
Yugoslav Delegation Relating
to Clothing & Textile Supplies

27 Oct 44

26 October 1944

To: Michail Menshikov

From: Joel Gordon

The meeting with the Yugoslav Delegation scheduled for 3:00 p.m. today in Room 312 regarding Implementation of Basic Agreement Provisions on Distribution has been postponed. There will be no meeting today.

JGordon/mm

25 October 1944

To: Michail Menshikov
From: Joel Gordon
Subject: Meeting Scheduled with Yugoslav Delegation
Today, 25 October 1944

There will be a meeting at 3 p.m. today with the Yugoslav Delegation to discuss:

- (1) The organization of the UNRRA mission and its personnel
- (2) The facilities, immunities and privileges to be afforded staff of the UNRRA mission.
- (3) The proposal submitted by the Chargé d'Affaires of the Yugoslav Embassy for a group of technicians to come to the United States for training.

The meeting will be in Mr. Xanthaky's office, Room 312.

JGordon/mm

File copy
24 October 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO INDUSTRIAL REHABILITATION SUPPLIES
24 October 1944

Present:

Yugoslav Representatives

Karlo Sancer
B. S. Miletic
Nikola Fuchs
M. Milovanovic

UNRRA Representatives

Bureau of Supply

Dr. Gold
Mr. Weissman
Mr. Leslie
Mr. Lunter
Mr. Kahn
Mr. Winslow
Mr. Lischinsky

Bureau of Areas

Mr. Gordon
Mr. Tomasevich
Mr. Harris
Mr. Bluestein

1. General Statement

Dr. Gold explained that UNRRA was not engaged in reconstruction; that its responsibility in the Industrial Rehabilitation field was primarily a repair job and to prevent further deterioration.

2. Detailed Discussion of Program

A discussion of the requirements estimates for public utilities and industrial equipment and machinery indicated that it was impossible to review the estimates of the Yugoslav Government without translating these estimates into terms of lists of specific equipment and supplies as developed by the Administration. It was agreed that such a list would be provided to the Yugoslav delegation which would prepare its requirement estimates on the basis of such lists supplemented by any additional items that were not included in the list. Another meeting will be scheduled for a week later after the Administration has had an opportunity to review the revised estimate submitted by the Yugoslav Government.

Conference with Yugoslav
Delegation Relating to
Basic Agreement.

24 Oct 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO FOOD SUPPLIES

23 October 1944

Present: Yugoslav Delegation

Dr. Bicanic
Dr. Milovanovich
Mr. Gottlieb

UNRRA

Bureau of Supply

Messrs. Gold, Cairns, and McFarland

Bureau of Areas

Messrs. Gordon, Tomasevich, and Harris

(1) Bread Cereals

A comparison of the requirements estimated by the Yugoslav Government with the estimates of the Working Party in London indicate a difference of 135,000 metric tons. This difference is accounted for as follows:

- (a) 85,000 metric tons due to differences in estimates of indigenous production.
- (b) 50,000 metric tons included as working stocks.

The import requirements were estimated by the Government at 533,500 tons and by the Administration on the basis of the Working Party data at 398,500.

The basic reason for the difference of 85,000 metric tons is that the Yugoslav Government estimated 20% destruction in Batcha Banat as opposed to 10% estimated by the Working Party. As to the inclusion of 50,000 metric tons for working stocks a question was raised by Dr. Bicanic as to what the principle of working stocks was intended to be; he pointed out that working stocks will be necessary in certain parts of the country due to transport difficulties, particularly at the end of the period in order to permit orderly transition. Dr. Gold expressed the belief that the working stock was too large but that the question of supplies was not a problem; on the other hand, the inclusion of this working stock would represent a charge against the Yugoslav program of several hundred dollars.

Future Action: It was agreed that it would be stated in the requirements document that there are differences between the estimates of the Yugoslav Government and that of the Administration but that the Administration would accept the higher figure of the Yugoslav Government of 533,500 for purposes of allocating 1/2 of the supply for the first

3 months; the allocation for the second 3 months period would then be adjusted on the basis of actual conditions ascertained at that time; 2/3 of the allocation would be made in the form of wheat and 1/3 in the form of wheat or corn. Dr. Gold agreed to prepare a draft statement on this point and send it to Dr. Bicanic.

(2) Rice - No discussion.

(3) Pulses (including dried vegetables)

The estimates of the Government are in agreement with the bases.

Supply: Mr. Cairns pointed out that all of the pulses are requested in the form of haricot beans and that the supply of these beans is inadequate. Since there is not a sufficient supply of animal proteins, he hoped that the Yugoslav Government would accept a larger amount of vegetable proteins in the form of pulses but that only dried peas, gerbanzos and black beans were available.

Future Action: It was agreed that Dr. Milovanovich would discuss this problem and examine the types of pulses available.

(4) Sugar

The Government estimate of import requirements is 11,000 metric tons as compared with an estimate of 2,500 by the Working Party. This difference is largely due to differences in the estimate of domestic production available for consumption. The major point of difference appears to be whether the estimates shall take into account requisitioning by the Germans during 1944-45.

Future Action: Further discussion will be necessary to adjust this difference.

(5) Vegetable Oils: No conclusions reached.

(6) Cocoa, Coffee and tea -- Not discussed.

(7) Fats

The estimates submitted by the Government are considerably below the bases of requirements but there is a question as to whether an increase in the amount of fats to be provided will be impossible because it will provide for a diet in excess of 2,650 calories unless the cereals are reduced.

Future Action - The Food Division will review the bases of requirements on this point and reach a final decision with the Yugoslav Delegation.

(8) Milk and Cheese - The estimate submitted by the Government is considered to be within the bases.

(9) Eggs

The estimate submitted by the Government is believed to be above the bases of requirements; the Administration has disallowed as a deduction from production available for consumption an estimated 13,000 tons of exports.

Future Action: Dr. Bicanic indicated that he would like to review this problem and make a further recommendation.

(10) Beef and veal, Pork and bacon, Mutton and lamb

The estimates submitted by the Government at first sight appear to be above the bases of requirements due chiefly to the differences of estimates of indigenous production available for consumption. The Working Party estimated production at 90,000 metric tons as compared with 54,250 by the Government. Dr. Bicanic pointed out that such an estimate of production would require capital slaughter and that the Government could not accept such a policy; he stated that it would take 6 years at least for Yugoslavia to recover its livestock position and that it must stop capital slaughtering if this were to be done.

Future Action - Mr. Cairns agreed to reduce the local production estimates in the light of the above and that Mr. Milovanovich and Mr. McFarland should meet and agree on revised estimates in the light of the principle that production should be based on normal slaughter.

(11) Poultry - The estimates for poultry are within the bases of requirements.

(12) Fish - The estimate submitted by the Government is somewhat higher than the Working Party estimates.

Future Action - A discussion will be necessary to agree upon final estimates.

(13) Oilseeds - No decisions reached.

(14) Salt

The estimates submitted by the Government include salt for fish preservation and livestock. Dr. Bicanic explained that the greatest amount should be in the form of rock salt for livestock. Mr. Cairns agreed that no problem was presented on this item from a supply point of view but that transport did present a problem.

Future Action - It was agreed that the Government would submit a statement of its needs and that the Administration will examine sources of supply in neighboring countries.

(15) Soap

The estimates appear to be within the bases and it should be possible to meet the requirements. A question was raised as to whether fish oil, which is available in quantity, could be used for this purpose.

Future Action - The Yugoslav Delegation agreed to review this matter.

(16) Feed Stuffs - No decisions reached.

(17) Vitamins - The Government has asked for vitamins only in connection with the medical supplies. Mr. Cairns asked whether there would not be some interest in vitamins as a food item.

Future Action - Dr. Milovanovich will review this matter and advise as to what type of the vitamins provided for under medical supplies should be shifted to food and if any increase would be desirable.

Prepared by:

Joel Gordon, Chief
Yugoslav Branch

5110- *yugoslavia*
UNITED NATIONS
RELIEF AND REHABILITATION ADMINISTRATION

1344 CONNECTICUT AVENUE
WASHINGTON 25, D. C.
14

BUREAU OF AREAS (D.D.G.)
RECEIVED

OCT 23 1944

TIME _____

21 October 1944

Yugoslavia file

TO: Michail Menshikov
FROM: George Xanthaky
SUBJECT: C. Fotitch's letter to the Director General

The Director General has not seen Mr. Fotitch. However, on October 12th Mr. Fotitch sent the annexed letter to him. The Governor's office informs me that the letter has not and, in all likelihood, will not be answered.

9X

*Mr. Xanthaky
What is the Central National
Committee of Yugoslavia?
Chuk*

772

C. FOTITCH
5118 Chevy Chase Parkway
Chevy Chase 8, D. C.

October 12, 1944

My dear Director-General:

On September 28, on radio station "Free Yugoslavia" a statement was made by certain "authoritative and competent quarters" about the activities of UNRRA in Yugoslavia. According to this statement, the National Committee for Liberation of Yugoslavia has informed UNRRA that they refuse to accept help of the UNRRA if the relief sent to Yugoslavia is to be distributed by the special machinery of the UNRRA. According to this statement the National Committee for Liberation of Yugoslavia "explains its demand that peoples authorities should distribute relief among our people by the fact that Yugoslavia distinguishes herself from the majority of nations of Europe inasmuch as firstly, at the very beginning of enemy's attack and occupation she continued the struggle alone and is liberating herself thanks to her national army of liberation and secondly, during the struggle against the invader the organs of peoples authority were formed on liberated territory."

It is not known to me what further steps, if any, were taken by the present Yugoslav government with UNRRA to give effect to this request of the National Committee for Liberation of Yugoslavia, which if accepted, would give no possibility whatsoever to the authority of the UNRRA to control the distribution of relief among the people of Yugoslavia. It is obvious that the refusal of the National Committee for Liberation of Yugoslavia to accept such control was made with definite political objects in view, to put pressure on the majority of the people in Yugoslavia to recognize and to accept the authority of this body.

The claim of the National Committee for the Liberation of Yugoslavia to represent the peoples of Yugoslavia does not answer the real situation in the country, especially the affirmation that "organs of peoples authority were formed on liberated territory and these organs are local national liberation committees elected on democratic principles and enjoying full confidence of the people". Such an affirmation is contrary to the truth and facts, and is deliberately made in order to mislead public opinion. For anyone who is familiar with the present situation in Yugoslavia, such statements that the "elections have already been carried out," what is more, "on democratic principles", is an offense to common sense and to the peoples of Yugoslavia themselves.

As a member of the Central National Committee of Yugoslavia which represents all Serbian and Slovenian political parties, as well as some democratic elements from Croatia, and consequently is the authoritative representative of the great majority of the people, I feel bound, my dear Director-General, to draw your attention to this request which, if accepted, would be resented by them.

The people of Yugoslavia are eagerly awaiting the much needed aid and help from the UNRRA immediately upon their liberation, but they cannot believe for one moment that a United Nations organization would permit itself to be used by a Partisan group for the latter's political aims. Such an action would be in direct opposition to Resolution No. 7 adopted at Atlantic City, which provides that "at no time shall relief and rehabilitation supplies be used as a political weapon, and no discrimination shall be made in the distribution of relief supplies because of race, creed, or political beliefs."

The very fact that the Committee for the Liberation of Yugoslavia refuses the participation and control of the organs of UNRRA for the distribution of relief and supplies in Yugoslavia is conclusive evidence that they intend to use those supplies as a political weapon in order to deprive the majority of the population, which has refused to accept its authority, of all help and assistance.

Even if this request is supported by the present Yugoslav government, I must make a protest and oppose it in the name of the Central National Committee of Yugoslavia, which in its resolution of July 23 of this year declared that, "they do not commit themselves to the acts of the government of Dr. Ivan Subashich, and reserve for themselves full liberty of action towards this government and full liberty to take such measures as are found necessary for the protection of national and state interests."

Yours very sincerely,

Constantin Fotitch
Member of the Central National
Committee of Yugoslavia

The Honorable
Herbert H. Lehman
Director-General
United Nations Relief and
Rehabilitation Administration
Washington, D. C.

File copy
23 October 1944

REPORT OF CONFERENCE WITH YUGOSLAV DELEGATION
RELATING TO BASIC AGREEMENT
20 October 1944

Present:

Yugoslav Representatives

Dr. Bicanic
Dr. Aleksander

UNRRA Representatives

Abe Feller
Francis Sayre
George Xanthaky
Joel Gordon
William Harris
Oscar Schacter

1. Presentation of Draft of Basic Agreement

Mr. Feller presented a draft of the first three Articles of the Basic Agreement to Dr. Bicanic, pointing out that the remaining Articles will be available during the early part of next week. The draft of the Agreement was then read.

2. Preamble

Dr. Bicanic asked what the purpose of the preamble was. Mr. Feller explained that it was intended to express the general atmosphere of our mutual relationship and the basis for our operations. Dr. Bicanic thought that some of the paragraphs of the preamble were of a declaratory character while others represented commitments. Mr. Feller pointed out, however, that this was not in fact the case, that all of the paragraphs in the preamble were statements of fact and in no way constitute commitments.

Mr. Feller directed attention to the fact that references to the military period in the Basic Agreement would be removed as soon as it was determined definitely that there would be no military period.

Dr. Bicanic suggested that the preamble might contain some additional statements reflecting the Yugoslav point of view, particularly the devastation suffered by the country and the consequent need of assistance and some explanation of the reasons why Yugoslavia is not in a position to pay in suitable means of foreign exchange. Mr. Feller saw no reason why such provision should not be incorporated and suggested that Dr. Bicanic submit what he would like to see included on this point.

3. Article I - Furnishing of Supplies and Services

- (a) Dr. Aleksander and Dr. Bicanic asked what was meant by the term "within the limit of the Administration's resources and available supplies" in the provision that "such supplies and services will be furnished within the limit of the Administration's resources and available supplies". Mr. Feller replied that UNRRA could not commit itself indefinitely, that our resources were limited and that the total available resources and supplies would have to be apportioned among all countries. He further pointed out that UNRRA might have all of the funds necessary but might not have all of the supplies for reasons outside of its control, or that it might have all of the supplies but insufficient shipping.

Dr. Aleksander then asked whether any definite amount of supplies in terms of quantities or money would be specified in the Agreement. To this Mr. Feller replied that the limit on what could be provided to Yugoslavia would be determined by available resources and supplies but that an import program would be worked out from time to time on the basis of consultation with the Government. Dr. Aleksander suggested that it might be possible to fix the total obligation at this time but leave the question of timing the availability of supplies to a later period on the basis of what the circumstances required.

- (b) Dr. Bicanic asked what was meant by the term "as soon as possible after liberation" in the provision that "the Administration will furnish Yugoslavia with relief and rehabilitation, supplies and services as soon as possible after liberation". Mr. Xanthaky stated that this was intended merely to indicate that we want to provide the supplies as soon as we are able and as soon as the Government is in a position to receive them.
- (c) Dr. Bicanic stated that he might like to suggest clarification of the last sentence in Article I to make it clearer that full participation of the Yugoslav Government would be provided in establishing the program of imports of relief and rehabilitation.

4. Article II - Administration of Services

There was no discussion of this Article.

5. Article III - Transfer and Distribution of Supplies

Dr. Bicanic remarked that this Article was the most important Article. Mr. Feller explained that the spirit behind this Article was that:

- (a) Responsibility for distribution was definitely that of the

Government of Yugoslavia, (b) UNRRA's place was in carrying out the responsibility placed upon the Director General by the Agreement and the Resolutions of the Council, which responsibilities were of two types: First, to consult with the Government on the plans for distribution to assure that the plans provided for an effective system of distribution conforming to the resolutions of the Council, and secondly, to inspect and observe actual distribution by the Government to insure observance of the Resolution of the Council.

Dr. Bicanic asked what was meant by the term "responsibility for distribution" in paragraph (a) of Article III, which provides that the Government having responsibility for distribution would take appropriate measures to assure that such distribution would be governed by policies of the Council. Mr. Feller explained that the Government of Yugoslavia will receive UNRRA supplies; that it will make the necessary decisions on how to distribute these supplies; it will actually be responsible for moving supplies. What UNRRA wants is sufficient insurance that supplies are being distributed by the Government in accordance with Council Resolutions and that the distribution is being done efficiently and equitably. Therefore, UNRRA wants a plan of distribution drawn up in consultation with it and to have its personnel in the country to see the manner in which the plan is carried out.

6. It was agreed that another meeting would be held on Tuesday, 24 October, 1944 for the purpose of discussing the articles thus far prepared and for making available to the Yugoslav representatives the balance of the draft of the Agreement.

Prepared by Joel Gordon
Chief, Yugoslav Branch

20 October 1944

TO: George Xanthaky

FROM: Joel Gordon

Mr. Menshikov called me in this morning. He tried to reach you but was unable to. He stated that he would like me to attend all of the meetings being held with Dr. Bicanic, observe and participate to the extent necessary and to report the results of each meeting. He asked me to tell you also that he would appreciate your leaving word with your secretary where you can be reached when you are out of the office since he was unable to reach you this morning.

JGordon/mt

SCHEDULE OF CONFERENCES FOR DISCUSSION OF YUGOSLAV PROGRAM

Date	Subject and Place	
Friday, 20 Oct. 11:00 a.m. 4:00 p.m.	Basic Agreement Committee - Room 512 (to meet mornings as necessary) Discussion on Supply - General Mr. Gold - Room 809	
Saturday, 21 Oct. 11:00 a.m.	Food Mr. Cairns - Room 809	Agric. Rehab. Supplies Mr. Henson - Room 113 ✓
Monday, 23 Oct.	Food (Cont.) Room	Agric. Rehab. Supplies (Cont.) - Room 113 ✓
Tuesday, 24 Oct. 5:00 p.m.	Footwear Mr. Hackman - Room 525	Industrial Rehabilitation (excluding transport) Mr. Day - Room 113 ✓
Wednesday, 25 Oct.	Mission Organization and Personnel Mr. Xanthaky - Room 809	
Thursday, 26 Oct.	Implementation of Basic Agreement Provisions on Distribution Mr. Xanthaky - Room	
Friday, 27 Oct. 5:00 p.m.	Textiles & Clothing Mr. Hackman - Room Rm. 1132	Transport <i>Postponed</i> Mr. Day - Room 525 ↑ (miles away)
Saturday, 28 Oct. 5:00 p.m.	Textiles & Clothing (Continued) 1132	Medical Supplies <i>Postponed</i> Dr. Crabtree - Room Johnson - 84 ✓

Monday, 30 Oct. 3:00 p.m.	Agricultural Rehab. Services Mr. Hanson - Room 809 525	Health Services Dr. Crabtree - Room 1137
Tuesday, 31 Oct. 3:00 p.m.	Industrial Rehab. Services Mr. Day - Room 525 809	Welfare Services Miss McGeachy - Room 1137
Wednesday, 1 Nov. 3:00 p.m.	Camps Mr. Fryer - Room 809	Displaced Persons Mr. Cooley - Room 525
Thursday, 2 Nov. 3:00 p.m.	Mission Organization and Personnel Mr. Xanthaky - Room 312	Ocean Shipping Mr. Dominick - Room 809 Room not available?
Friday, 3 Nov. 3:00 p.m.	Implementation of Basic Agreement Provisions on Distribution Mr. Xanthaky - Room	

19 October 1944

REPORT OF CONFERENCE WITH DR. BICANIC
18 October 1944

Present: Dr. Bicanic
Abu Feller
David Weintraub
Oscar Schacter
Joel Gordon

The purpose of the meeting was to work out a modus operandi for conducting negotiations and discussions on the relief and rehabilitation program for Yugoslavia.

1. Conferences on Master Agreement - it was agreed that a copy of the master agreement would be made available to Dr. Bicanic on Friday, 20 October. At that time, the thinking behind the agreement and the reasons why the several provisions were considered desirable would be explained. Dr. Bicanic would then have an opportunity to study the agreement and would continue discussions during the early part of the following week, at which time he would present his reactions to it and his proposals. The discussion on the master agreement would cover the following subjects:

Distribution of supplies
Local currency provisions
Facilities, privileges and immunities
Taxation
Reports and records

2. Conferences on Supply - Dr. Bicanic stated that he would like to discuss the import requirements program submitted by his government in response to the request from the Director General. He was particularly interested in being advised by UNRRA whether these estimates were considered to be satisfactory from the point of view of conforming with the bases of requirements. He stressed the point that he recognized that UNRRA might not be able to provide these supplies because of limited financial resources, limited supplies, or lack of shipping. He would, however, like to have these estimates recognized as the import needs, so that Yugoslavia could plan its own program on the basis of these needs; if Yugoslavia should be able to arrange for obtaining from sources other than UNRRA the difference between the import requirements and the amounts UNRRA could supply, recognition by UNRRA of the validity of these estimates should facilitate their procurement.

It was agreed that a discussion of the military supplies would be deferred for a temporary period until the situation is clarified with the military.

A meeting has been arranged for a general discussion of the supply problem to be held on Thursday, 19 October at 12:30. A series of meetings will be scheduled for discussion of the following groups of commodities, these discussions to proceed simultaneously if possible:

- Food
- Clothing, textiles and footwear
- Agricultural rehabilitation supplies
- Industrial rehabilitation supplies
- Medical supplies
- Ocean shipping

3. Conference on Inability to Pay - It was pointed out to Dr. Bicanic that no formal request for UNRRA assistance has been received and no statement of inability to pay with suitable means of foreign exchange. It was agreed that Dr. Bicanic would arrange for a formal request to be submitted and that he would discuss with the Financial Adviser the form which the statement on inability to pay with suitable means of foreign exchange should take. It was pointed out that the general discussions could proceed on the assumption that this statement would be forthcoming.

4. Conferences on technical services - It was agreed that a series of conferences would be scheduled with the several technical divisions to discuss the technical services needed by Yugoslavia which could be provided by UNRRA.

The following conferences are to be scheduled:

- Agricultural Rehabilitation
- Industrial Rehabilitation
- Health
- Welfare
- Displaced Persons
- Camp

5. Conference on Mission - It was agreed that it might be desirable to hold a general discussion on the proposed mission and its personnel.

6. General - It was agreed that all meetings would be held as expeditiously as possible, meetings with the Committee relating to the master agreement in the mornings, and with specialists in the afternoons.

Mr. Gordon was requested to follow through on all the meetings, to arrange for their scheduling, and to attend all meetings so that all of the discussions could be tied together.

Meetings scheduled:

19 October 1944 - 12:30 p.m. - Bureau of Supply
(Weintraub and Gold)

20 October 1944 - 11:00 a.m. - Committee
(Mr. Feller's office).

Prepared by:

Joel Gordon, Chief
Yugoslav Branch
Bureau of Areas.

19 October 1944

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File copy

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(Mr. Keller's office)

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

13 October 1944

To: George Xanthaky

From: Joel Gordon

Subject: Problems for UNRRA by Elimination of Military Period

This memorandum outlines problems created by the proposal to eliminate the military period and suggests immediate steps which we need to take if this proposal is accepted.

Supply

The questions relating to supply, including shipping, on which an agreement with the military is necessary, are detailed in my memorandum of 11 October 1944 (Agenda for Discussion of Supply Problem with CCAC in Absence of Military Period in Yugoslavia).

The tentative draft of such an agreement, which has been presented to us by the military, leaves us with the following problems to be solved:

1. Only 2/3 of the supplies under Plan A (CCAC 20/7 revised) are to be made available. This means that the balance will have to come from UNRRA procured supplies.

It is recommended that we make every effort to obtain all of the supplies under Plan A (CCAC 20/7 revised); if this is not possible, immediate discussions should be held with the Bureau of Supply as to how they will obtain the remaining supplies in sufficient time.

2. The specific supplies for Yugoslavia are set forth in Plan A (CCAC 20/7 revised) for a limited number of items only; for a substantial number of items, the pooled total for the Balkans only are indicated.

It is recommended that we take steps to estimate the amounts of these pooled supplies which should be set aside for Yugoslavia. I have requested Mr. Bonnel of the Bureau of Supply to confer with us on this problem. We should then submit UNRRA's recommendations to the military and receive a firm commitment on all supplies, both

13 October 1944

from the stockpile and the balance of the allocation.

3. The absence of the military will mean that much of the equipment and supplies (particularly transport) which the military would have brought in and later left in the country, will not be available.

It is recommended that we review with the Bureau of Supply, all items in Plan A (CCAC 20/7 revised) with a view to determining what additional equipment and supplies UNRRA will have to procure immediately to fill this gap. (This is an extremely serious problem, since the Bureau of Supply has been planning its procurement program on the assumption of (a) a military period and (b) the availability of military transport, particularly trucks. An entirely new concept of timing in procurement will be required; some way will have to be found to speed up the process of allocation and procurement to meet the relief needs of Yugoslavia during the next few months.

4. Under the proposal for UNRRA operation, we will have the requisitioning responsibility for calling supplies forward. This means that the responsibility for determining priorities in the timing of such calling forward must be established by us.

It is recommended that tentative priorities be established, taking into account the overriding need, for example, for calling forward food, clothing and transport and relating the calling forward of seeds and related agricultural items to the planting seasons.

Mission Operations

1. Under the proposal, UNRRA will be free to negotiate directly with the Yugoslav Government.

It is recommended that Dr. Bicanic, representing the Yugoslav Government be apprised immediately of the current status of negotiations with the military, with the latter's consent of course, to avoid any further misunderstandings. He should be requested to communicate his information to the Royal Yugoslav Government in hand *London and* through proper channels to the National Committee of Liberation.

2. All of the policies of the Council will need to be applied immediately if we undertake operations in Yugoslavia.

It is recommended that we submit to Dr. Bicanic for the general reaction of the Royal Yugoslav Government and the National Committee of Liberation and solely as a basis for subsequent

13 October 1944

negotiation our thinking of the general relationships between UNRRA and the Yugoslav Government as set forth in the Master Agreement (latest revision).

3. When the agreement with the military has been concluded, we will be in a position to conclude an agreement with the Yugoslav Government.

It is recommended that we immediately develop rough drafts of what we would like to see included in agreements supplemental to the master agreement to insure observance of UNRRA policies (see attachment for current draft).

It is further recommended that steps be taken at the earliest possible moment to negotiate the master and supplemental agreements in Bari jointly with the Royal Yugoslav Government and the National Committee of Liberation.

It is further recommended that immediately upon conclusion of the agreement with military, inquiry be made as to the ability of Yugoslavia to pay, requesting data supporting a statement that they are unable to do so.

In view of the confused situation which has developed, it seems essential both in the interests of our public relations and our satisfactory working relations with the Yugoslav authorities that these general matters be cleared up at the earliest possible time.

7 October 1944

CONVERSATION BETWEEN DR. RUDOLF BICANIC AND MR. JACKSON ON
6 OCTOBER, 1944

Dr. Bicanic called at 5 p.m., having previously requested to see the Director General and having been referred to me because of the Director General's inability to see him before next week.

Dr. Bicanic stated that he had received further word from his Government clarifying their position with respect to UNRRA relationships and that he had sent a communication to the Director General during the course of the day. I told him that I had seen a copy of his letter and the attached statement made by the Yugoslav Ministry of Supply.

Dr. Bicanic stated that he regretted the confusion which had arisen in the public's mind about the Yugoslav position and was particularly concerned with the statements which had appeared by various columnists in the Washington Press linking the attitude of the Yugoslav Government with that of the Polish Committee on National Liberation and implying that the Yugoslav authorities were opposed to the entrance of any UNRRA personnel into Yugoslavia. He wished to make it clear that the Yugoslav authorities had no objection to the presence of UNRRA personnel within their country and were, in fact, desirous that such personnel should enter the territory, since his Government had nothing to hide and believed that the presence of UNRRA personnel would be helpful to Yugoslavia since they could see for themselves the tremendous destruction and suffering of the Yugoslav people and hence support the legitimate requests of Yugoslavia. He repeated that the Yugoslav authorities would, of course, wish to use the organization which they themselves would establish for the actual administration of relief within the country.

I said that we regretted the publicity arising from the Yugoslav broadcast and the implications which had been drawn therefrom by certain members of the Press. I said that I would be less than frank if I did not indicate that we were both surprised and displeased to hear first of the attitude of the Yugoslav authorities through a radio broadcast relating to an alleged proposal by the Administration which had not in fact been made. He stated that he too was greatly surprised when he first learned of the broadcast and implied that he was at a loss to know the basis upon which it was made since the letter which he had sent to his Government in London from Montreal had not reached them until after the broadcast had been made.

He reiterated that his Government considered its relations with UNRRA most cordial and they wished to reach a full understanding with the Administration. He believed that this could be done without difficulty. He had heard rumors of UNRRA sending hundreds or even thousands of employees to Yugoslavia and such rumors troubled him since he did not see why such large numbers would be needed unless the Administration was going to replace or duplicate the machinery of the governmental authorities in the handling of relief problems. I told him that I had never heard any proposal or suggestion that thousands of UNRRA representatives should be sent into Yugoslavia.

Dr. Bicanic reiterated that his Government could not recognize any agreement between UNRRA and the military authorities for operations in Yugoslavia which was not discussed and agreed to by the Yugoslav authorities. I said to him that I understood that Mr. Xanthaky had made clear in discussing this matter with him in Montreal that the proposed agreement related solely to a period of military control, that the agreement had not yet been formally and finally ratified, and that the question of the extent of authority to be exercised by the Allied Military themselves in the carrying on of relief operations in Yugoslavia had not yet been finally determined. I reminded him that the Director General had, in his conversations with him, stated that he had not yet been apprized of the military plans with respect to Yugoslavia in any detail and that this was the reason he thought it impracticable to discuss with him specific plans for UNRRA's collaboration with Yugoslavia pending clarification of the Allied Military position.

I asked Dr. Bicanic what the precise meaning of the stipulation was in his letter that the Yugoslav Government could not accept the granting of the same treatment to Albania and whether or not he was in fact suggesting that the military authorities or UNRRA were not free to deal with the Albanian problem as they saw fit. He said that the point was a purely legalistic one and should not be taken too seriously. It was inserted only because the representatives of his Government did not think that the Balkan agreement between UNRRA and the Military was correct in that it grouped Yugoslavia with Albania, a country with which they were at war.

Dr. Bicanic said that he had had a telephone conversation with his Prime Minister, Dr. Subasich, during the day. He understood that discussions were now proceeding at Bari between Yugoslav representatives and representatives of AML and he thought that the best thing to do was for us to await the results of these conversations before seeking to agree specifically on the precise relations between the Administration and Yugoslav authorities. He had, himself, thought of going to Bari but in view of the difficulties of getting there promptly and returning quickly, he had been instructed by Dr. Subasich to remain in Washington for further discussions with us after the completion of the Bari negotiations. In the meantime, he would like very much to see the Director General on Monday and would like to have an opportunity of meeting with division directors and others within the Administration in order to make tentative plans for Yugoslavia pending the outcome of the Bari discussions.

Dr. Bicanic wondered if the Administration would not wish to make a public statement clarifying the fact that there was no difference of view between the Yugoslav authorities and the Administration and emphasizing the cordial relations. I said we would take this under advisement. I asked Dr. Bicanic if he had considered making a public statement himself. He said that he had considered this but would wait and see how much publicity was given to the statement issued by the Government in London, a copy of which he had attached to his letter to the Director General.

Hugh R. Jackson

Director General
Menshikov
Feller

Corson
Salisbury
Xanthaky

18th September, 1944.

Confidential

CAWA 204
from Cairo

Dear Governor Lehman,

Dr. Stoyan Gavrilovic is just back here from a visit to Marshal Tito.

After discussions with him and at my request, he has set out in the accompanying memorandum the attitude of Marshal Tito and his immediate advisers to the UNRRA organization.

I am authorized by Dr. Gavrilovic to make senior officials of UNRRA party to the contents of the memorandum. I should be glad nevertheless if all steps could be taken to secure that the essential confidential nature of its terms are in no way compromised.

Kind regards,

Yours sincerely,

(signed) W. T. Matthews)

Governor Herbert H. Lehman,
Director-General,
U.N.R.R.A.
Washington

Copy to:
Sir Frederick Leith-Ross, K.C.B. etc.,
U.N.R.R.A.
European Regional Office,
11a Portland Place
London, W.1

18th September, 1944.

COPY

From: Dr. Stoyan Gavrilovic,
Vice Minister for External Affairs,
Yugoslav Government

To: Sir William Matthews

PERSONAL AND CONFIDENTIAL

In the course of my conversations with Marshall Tito and members of his National Committee on September 10 at Vis I formed the following impressions regarding their ideas on UNRRA -

1. General:

The Marshall and all others spoke to me at great length of the vital service which UNRRA can render to the whole Yugoslav nation. They explained that the country cannot possibly do without immediate and some long-term help.

2. IMMEDIATE HELP:

The immediate help is urgently needed, especially in the form of clothing. Tito said expressly that if this help were not forthcoming before the onset of the cold months, he fears that the loss of life from cold and exposure will be immense and would threaten whole populations in wide areas. His suggestion is that the material to cover this emergency need should be shipped immediately to Bari. He would then undertake to transport it across the Adriatic and into the Yugoslav mainland. He stressed that there would be no difficulty once the commodities arrive at the Italian port.

3. LONG TERM POLICY:

Tito and his Committee have it in their programme to give to the people every assistance to rebuild what the enemy and general war conditions have destroyed. As is well known, the destruction has assumed almost incredible proportions. They regard this as the indispensable foundation of the new era of prosperity for which they are striving. The importance which they attach to this work is accordingly tremendous - the whole economic future of the country hangs on the success of this plan. They themselves are not in the position to supply any of the necessary tools, etc. for this task so that the only way out is assistance from the Allied countries, and it is for this that Tito and his Committee look to UNRRA.

4. POLITICAL ISSUES:

It was made perfectly clear to me that politics will not be allowed to play any part in this connection. This was stressed repeatedly. The needs of the people must and will be the only criterion. Only the degree of need will determine the distribution. They also emphasize that politics must equally not be introduced from outside. Should that be

the case they say openly that they would prefer to accept nothing. This last point seems to me personally to be of such vital importance that in spite of its very confidential nature I have no wish to withhold it from the responsible UNRRA authorities, as only full confidence and understanding can serve both the purposes of the Yugoslav nation and of UNRRA. I am of course giving it to you only in that spirit and would ask that this information be put to no other use.

5. DISTRIBUTION:

I have unfortunately not raised this issue with either Marshall Tito or any of the others and I do not know what arrangements exist, but I can state with full confidence that a special organization will be created throughout the country on the same efficient basis as that on which everything in the National Liberation Army is done. I can add that the problem of equitable distribution will not really arise in view of the spirit of completely unselfish and disinterested service to the common cause, which I have had the satisfaction of seeing in all their activities. I undertake personally to raise this point and to ask that special instructions be drafted for dealing with cases where abuse might possibly occur.

6. EXTERNAL ORGANIZATION:

Everybody at Vis realizes that the past three years have been almost wasted in the way of Yugoslav preparation in regard to relief activities. Not only have the Yugoslav relief services outside the country done very little in the way of organizing these vital preparations, but cases have been notified where members of these services, for purely political reasons, have actually worked against relief being allotted where it is so urgently needed.

Tito and his assistants have discussed with me the question of re-organization of all existing external relief services. They want only men of good faith and men who have a clear picture of the actual position, enabling them faithfully to carry out this very responsible and humanitarian task.

The following appointments have so far been suggested by them:

1. Dr. Ljuba Leontich for Washington
- and 2. Col. Mato Jakcic for Cairo.

The Washington appointment has already been agreed to by the Government in London whereas the second one has just been asked for.

Tito and his Committee feel it their sacred duty to do all that lies in their power to obtain relief from friendly nations through the machinery of UNRRA.

29 August 1944

TO: George Xanthaky

FROM: Joel Gordon

SUBJECT: The Role of UNRRA in Yugoslavia under Proposed AML Plan

The latest report from Cairo (letter of 9 August 1944, Matthews to Xanthaky) indicates that the AML proposes to operate the following plan in Yugoslavia:

"Goods to become the property of the Yugoslav authorities on arrival at the port. Warehousing to be under the control of the local authorities. If Serbia is supplied through Salonika, warehouse at Salonika to be under AML control . . . In Yugoslavia, AML rely on the doctrine of unfailing trust. In Greece, they are prepared to envisage far closer inspection and control on distribution. Attitude towards Yugoslavia is not dictated by any belief in the greater trustworthiness of Yugoslavs, but simply by the feeling that Tito will be too strong to brook interference, and that not enough Allied forces will be available to ensure proper distribution."

If this plan is put into operation, the role of UNRRA will differ from that which is envisaged in the agreement between UNRRA and the military of a distribution organization acting as agent for the military under their direction in the country. This memorandum raises a number of questions about the new relationships created by this plan between the military, UNRRA and the Yugoslav Government, new problems in the administration of relief and rehabilitation posed, and suggests some immediate courses of action by UNRRA.

1. If the Allied military are not present in Yugoslavia upon its liberation and restrict their activity to making supplies available to the Yugoslav Government at ports of entry, will there be a "military period" of operation? Obviously, there would not be such a period in terms of which we have been thinking; the present plan of the AML does not provide for any inspection and control of distribution of supplies provided by the military - this is the basic responsibility which UNRRA would assume during a military period in any country under the pending agreement between UNRRA and the military.

29 August 1944

2. Under the proposed AML plan, the following courses of action are open to UNRRA:

- (a) Take steps to assume immediate relief and rehabilitation operations in Yugoslavia by reimbursing the military for supplies it will make available and treating such supplies as UNRRA supplies;
- (b) Postpone participation in relief and rehabilitation operations in Yugoslavia until the military has indicated that it will no longer make supplies available and that UNRRA should assume responsibility therefor;
- (c) Take steps to assume immediate relief and rehabilitation operations except for supplies and their distribution.

The disadvantage of the first course of action would be that UNRRA could not conserve its funds during the period that the military were making its own supplies available without charge. On the other hand, failure to participate in relief and rehabilitation operations during this period would mean:

- (1) Important decisions in the early period shaping future relief and rehabilitation plans would be developed without regard to UNRRA policies;
- (2) The experience to be gained by UNRRA during this period would be lost;
- (3) There would be no natural transition from the military to the UNRRA period.

In view of the above considerations the third course of action suggested seems most practical and realistically related to the AML plan.

3. It would be my recommendation that UNRRA develop its plans on the basis of the proposed AML plan which precludes UNRRA control and inspection of supplies provided by the military. This plan should provide for a mission to Yugoslavia during the period of military supply which will make available to the Yugoslav Government all of the relief and rehabilitation services of the Administration with the exception of supply. With respect to supply UNRRA should (1) provide for observers so that necessary familiarity with distribution problems can be acquired for the later period of UNRRA supplies,

28 August 1944

and (2) provide for active planning in the country with the government as to specific needs for UNRRA supplies after military supplies are no longer available.

4. To effectuate the plan outlined above, the following steps should be taken:

(a) The headquarters office should contact the military in Washington

- (1) to determine the degree of finality of the AML plan for Yugoslavia as we understand it
- (2) to determine what role the military have in mind for UNRRA under their plan and if the above plan would be acceptable to them
- (3) to determine whether the military have made their plan known to the Yugoslav Government and whether any agreement has been concluded
- (4) in the absence of such agreement to urge that an agreement be concluded with the Yugoslav Government and that UNRRA participate in the development of such an agreement so that the respective roles of the military and UNRRA and the responsibilities of the government are considered jointly.

(b) The military in Washington should be requested to issue a directive to the theatre commander along the above lines, if this is appropriate.

(c) Depending upon the extent to which agreements can be reached in Washington and communicated as directives to the field, UNRRA should direct the office in Cairo to proceed along similar lines with the AML in the field.

(d) In the event that the military wish to conclude an agreement with the Yugoslav Government without the participation of UNRRA, we should proceed to open discussions directly with the Yugoslav Government, if appropriate, relative to what UNRRA can do with respect to matters other than supply.

28 August 1944

5. If the plan of operation outlined above is adopted, the only significant change in the organization and functioning of the mission would be with respect to distribution. We would not need during this period as large a number of distribution, transport, warehousing and related personnel. A selected number of top personnel in these fields would be sufficient for observing purposes.

I believe that we should discuss with Mr. Menshikov the basic problems outlined in this memorandum.

cc: Mr. Menshikov

JGordon/ga

Third Draft
O.Schachter/mh
13 September 1944

Proposed Master Agreement
with Recipient Countries

WHEREAS, The United Nations and Associated Nations have, in the Agreement of November 9, 1943, signed at Washington, D. C., created the United Nations Relief and Rehabilitation Administration, (hereinafter referred to as the Administration) whose declared purpose is:

"To Plan, coordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services;"

and

WHEREAS, the Government of _____ (hereinafter referred to as the Government) is a signatory to the aforementioned Agreement of November 9, 1943, and has expressed its agreement with the Resolutions on Policy adopted by the Council of the Administration; and

WHEREAS, the Government has requested that assistance of the Administration in furnishing relief and rehabilitation supplies and services for the relief of victims of war in _____ as soon as possible after liberation or, if there is a period of military responsibility for civilian relief as soon as possible after such period; and

WHEREAS, The Administration intends to carry out its responsibility for the relief of victims of war within the territory of _____ in accordance with the Agreement and the Resolutions on Policy of the Council; and

WHEREAS, in accordance with Resolution 14 of the Council of the Administration, the Director General has determined that _____ is not at this time in a position to pay with suitable means of foreign exchange for relief and rehabilitation of _____; and

WHEREAS, it is desired that the mutual responsibilities of the Government and the Administration with respect to relief and rehabilitation shall be fulfilled in a spirit of friendly cooperation, and that the details of the practical application of such responsibilities shall be arranged on the basis of mutual understanding;

IT IS THEREFORE AGREED:

Article I

Furnishing of Supplies and Services

In accordance with the Agreement and Resolutions of the Council, the Administration will furnish _____ with relief and rehabilitation supplies and services as soon as possible after liberation or, if there is a period of military responsibility for civilian relief, as soon as possible after such period. Such supplies and services will be furnished within the limit of the

Administration's resources and in accordance with policies adopted by the Council. The Administration will furnish such supplies and services and will not request payment in foreign exchange so long as it is determined, in accordance with Resolution 14, that _____ is not in a position to pay therefor with suitable means of foreign exchange.

Article II

Administration of Services

The relief and rehabilitation services furnished by the Administration pursuant to Article I above will be administered in accordance with plans agreed upon between the Administration and the Government and in conformity with the policies of the Council, particularly those embodied in Resolutions 2, and 7 through 13. Wherever necessary the Government will take measures to insure that such policies are followed throughout the country.

Article III

Distribution of Supplies

(a) The Administration recognizes that the Government has the responsibility for the distribution of relief and rehabilitation supplies furnished by the Administration pursuant to Article I above. To the extent requested by the Government and within the limits of the Administration's resources the Administration will assign personnel to render direct assistance in the distribution of such supplies.

(b) The distribution of supplies furnished by the Administration will be governed by the policies of the Council, particularly as embodied in Resolutions 7, 11, 12, and 13. The Government will give effect to Sections 1, 3, 4, 5, and 6 of Resolution 7 in accordance with plans agreed upon between the Administration and the Government.

Article IV

Local Currency Provisions

(a) The Government will provide that supplies and services furnished by the Administration pursuant to this Agreement will be sold, leased or otherwise transferred to distributors and users against payments in local currency to the extent consistent with the equitable distribution and effective use of such supplies and services. The Government will consult with the Administration with respect to prices charged for the sale, lease or other transfer of supplies and services pursuant to this provision.

(b) The Government will arrange to make available to the Administration without undue delay the local currency proceeds derived from the sale, lease or other transfer of relief and rehabilitation supplies and services furnished by the Administration under this Agreement. Pursuant to arrangements between the Administration and the Government, the Administration may obtain local currency by directly selling, leasing or otherwise transferring relief and rehabilitation supplies and services against payments in local currency.

(c) The Administration will use such local currency holdings to pay for its administrative and operating expenses in _____, including, but not limited to:

- (i) the cost of personnel, rent, storage, and communication facilities, transportation, and public services in connection with relief and rehabilitation activities in _____;
- (ii) the cost of warehousing, handling, and transportation services required by the Administration in connection with relief and rehabilitation operations in other areas.

(d) In addition to the utilization of the local currency holdings provided for under IV (c) hereto, the Administration may utilize local currency for other purposes in accordance with programs jointly formulated by the Government and the Administration. Such purposes shall include, but not be limited to, the procurement of surplus supplies and services available in _____ for relief and rehabilitation in other areas, insofar as such procurement is consistent with the economic requirements of _____.

(e) In the event that local currency proceeds from the sale, lease or other transfer of relief and rehabilitation supplies are at any time insufficient to defray the expenses of the Administration in _____, the Government will make available to the Administration additional local currency in sufficient amounts to meet the balance of the expenses, as follows:

- (i) Advances of local currency will be made prior to and during the early period of the Administration's operations to be repaid when the Administration obtains proceeds sufficient to meet its expenses.

- (ii) Transfers of local currency which shall not require repayment may be made to the extent that the proceeds received by the Administration are insufficient for its expenses.

(f) It will be the policy of the Administration and the Government to maintain the approximate value of the Administration's local currency holdings in terms of the supplies and the services which the Administration intends to purchase within _____.

(g) The Administration shall have the right to use its local currency holdings free from restrictions on circulation in _____ and shall have the right to exchange freely such local currency into any other type of local currency used in _____.

Article V

Facilities, Privileges, and Immunities

(a) The Government will take all practicable measures to facilitate the activities of the Administration, and will provide the Administration and its personnel with the facilities, privileges, immunities, and exemptions recommended by the Agreement and the Resolutions of the Council.

(b) The Administration will assure the good conduct, integrity, and moral character of its personnel, and it will recall such of its personnel as the Government shall request. The term "Administration personnel" includes, in addition to employees of the Administration, employees of non-indigenous voluntary relief societies working under the authority of the Administration.

(c) Administration personnel who have been nationals of _____ but who are not ordinarily resident in _____ and who have by naturalization or otherwise acquired another nationality, shall be entitled to the same privileges and immunities under this Article and under Article VI as Administration personnel who are not nationals of _____.

(d) The Administration shall have the right, free from export controls or other restrictive measures, to transfer to other areas imported relief and rehabilitation supplies owned by the Administration and located in or in transit through _____.

(e) The Government will furnish or arrange to have furnished to the Administration services and facilities pursuant to arrangements made by mutual agreement between the Government and the Administration.

Article VI.

Taxation

(a) The Administration, its assets, property, income and its operations and transactions of whatsoever nature shall be immune from all taxes, fees, tolls and duties imposed by the Government or any political subdivision thereof or by any other public authority in _____. The Administration shall also be immune from liability for the collection or payment of any tax, fee, toll or duty imposed by the Government or any political subdivision thereof or by any other public authority.

(b) No tax, fee, toll or duty shall be levied by the Government or any political subdivision thereof or any other public authority on or in respect of salaries or remunerations for personal services paid by the Administration or by non-indigenous voluntary relief societies to its officers, employees or other Administration personnel (as defined in Article V hereof) who are not nationals of _____ or permanent residents thereof.

(c) No tax, fee, toll or duty of any kind shall be levied by the Government or any political subdivision thereof or any other public authority on any supplies or services imported or rendered by the Administration, irrespective of who owns, holds or receives such supplies or services

- (i) if the tax, fee, toll or duty discriminates against such supplies or services solely because of their origin or their use, or intended use, for relief and rehabilitation; or
- (ii) if the sole jurisdictional basis for such tax, fee, toll or duty is any activity or transaction of the Administration or the location of any office or place of business maintained by the Administration.

(d) The Government will take such action as is necessary for the purpose of making effective the foregoing principles. In addition, the Government will take whatever other action may be necessary in accordance with Resolution 16 to insure that relief and rehabilitation supplies and services furnished by the Administration are not subjected to any tax, fee, toll or duty in a manner which reduces the resources of the Administration.

Article VII

Reports and Records

The Government will furnish the Administration with such reports, records, and information as the Administration shall request pertaining to relief and rehabilitation or necessary to the performance of the Administration's responsibilities. In addition, the Government will accord representatives of the Administration adequate opportunity to observe relief and rehabilitation operations within _____ and will accord such representatives reasonable access to all materials, records, files, and books of account pertaining thereto or necessary to the performance of the Administration's responsibilities.

Article VIII

Compliance with Council Resolutions

The Government and the Administration will comply with and carry out all of the recommendations contained in the Resolutions adopted by the Council.

Article IX

Modification of Agreement and Supplementary Agreements

(a) The Government and the Administration will give sympathetic consideration to any representations which either may make proposing a review of any of the provisions of this Agreement

to determine whether modifications in the light of experience are necessary or desirable. Any such modifications shall be by mutual consent.

(b) To the extent necessary or desirable, the parties hereto will enter into subsequent agreements and arrangements supplementing the provisions hereof.

Article X

Period of Agreement

This Agreement shall take effect as from this day's date. It shall remain in force until the expiration of six months from the date upon which either of the parties hereto shall have given notice in writing of its intention to terminate it. Notwithstanding the expiration of this Agreement,

(a) the relations between the parties shall continue to be governed by the Agreement of November 9, 1943 and the Resolutions of the Council; and

(b) Articles IV, V, and VI shall remain in force for the purpose of an orderly liquidation until all Administration activities in _____ are completed.

COMMENTS ON ARTICLE IV (LOCAL CURRENCY
PROVISIONS) OF THE MASTER AGREEMENT

H. T.
Oct 21, 1944

Anew we are discussing the issue of local currency holdings. It seemed that previously, in September, the draft of the Master Agreement is final (as distributed on September 13). Yet, after additional meetings relating to our agreement with Italy, extra aspects of the problem have been brought to light; therefore, before our negotiations with Yugoslavia, afresh we have to decide upon the last text to be submitted to the Yugoslav Government.

It seems that this continuous controversy has the origin in the diffuse wording of Sections 19 and 20 of the Resolution 14. While the former deals with local currency proceeds from sale to be made available to the Administration and to be used for relief work, the latter ensures the Administration that all inland expenses have to be borne by the national government.

Consequently, we have two systems of opinions.

- (1) One, represented by, e.g., Sir Frederick Leith-Ross that "the agreement should not be drawn as to require the transfer of the actual proceeds of sale of supplies to the Administration". Hence there is no need "for provisions requiring the government to increase the amount of local currency balances if their purchasing power decreased", and
- (2) other, reflecting the attitude of the majority in this office, that these proceeds of sale are to be considered as real "secondary" financial means of

the Administration to continue its operation within and for the benefit of the liberated area.

It is obvious that no endeavors to change the wording of the Master Agreement or of that for a specific country could be successful unless the main decision is made at the higher level upon the final interpretation of Sections 19 and 20 of the Resolution 14. Now, this decision is urgently needed.

It follows that the final clauses should be drawn in accordance with the extent to which the Administration decides that the national government should place local currency at the disposal of the Administration in advance for initial expenses and later on for current administrative and operational expenses.

Enclosed is a draft attempting to cover the "maximum" of obligations of the national government of our eventual requirements. Whether this "maximum" should be fully accepted will depend upon the final level at which we find advisable to fix the financial obligations of the "non-paying" recipient country.

If the approach represented by Sir Frederick Leith-Ross prevails, Sections (d) to (h) of the enclosed draft would have to be omitted.

For Negotiations With Yugoslavia

Article IV

Financial Provisions

(a) Against all supplies imported into Yugoslavia for the purposes of the programs set forth in the above articles, the Government shall deliver to the Administration appropriate documents (the form of which shall be mutually agreed upon) evidencing the importation of such supplies and specifying the cost of such supplies as incurred by the Administration in foreign currency up to the point of their delivery by the Administration in ^{Italy} Italy.

(b) The Government agrees to bear all of the Yugoslav currency expenses which are incurred by the Administration within Italy in the prosecution of relief and rehabilitation programs set forth in the above articles. For this purpose, the Government shall establish a credit in Yugoslavian currency in an amount equivalent to be mutually agreed upon and correlated with the cost of all supplies and services incurred in foreign currency by the Administration for such relief and rehabilitation programs. The credit shall be established as rapidly as such supplies are delivered or the cost for such services is incurred by the Administration, and, in any event, not later than ten days after notice of such events by the Administration to the Government.

(c) In order to facilitate the commencement of operations by the Administration, the Government shall transfer (amount) dinars to the account of the Administration on or before (date), as an advance against the credit to be

established under paragraph (b). If, as a result of slowness in the delivery of supplies, delays occur in the establishment of the credit pursuant to paragraph (b) which makes it necessary for the Administration to call for further advances of Yugoslav currency, the Government will give such requests prompt and sympathetic consideration.

(d) The Government will provide that supplies and services furnished by the Administration pursuant to this Agreement will be sold, leased or otherwise transferred to distributors and users against payments in local currency to the extent consistent with the equitable distribution and effective use of such supplies and services. The Government will consult with the Administration with respect to prices charged for the sale, lease or other transfer of supplies and services pursuant to this provision.

(e) The Government will arrange to make available to the Administration without undue delay the local currency proceeds derived from the sale, lease or other transfer of relief and rehabilitation supplies and services furnished by the Administration under this Agreement. Pursuant to arrangements between the Administration and the Government, the Administration may obtain local currency by directly selling, leasing or otherwise transferring relief and rehabilitation supplies and services against payments in local currency.

(f) The Administration will use local currency holdings originated from credits as under above (b) and (c) or from

sales as under above (e) to pay for its administrative and operating expenses in Yugoslavia, including, but not limited to:

- (i) the cost of personnel, rent, storage, and communication facilities, transportation, and public services in connection with relief and rehabilitation activities in Yugoslavia.
- (ii) the cost of warehousing, handling, and transportation services required by the Administration in connection with relief and rehabilitation operations in other areas.

para d. (g) In addition to the utilization of the local currency holdings provided for under (f) hereof, the Administration may utilize local currency for other purposes in accordance with programs jointly formulated by the Government and the Administration. Such purposes shall include, but not be limited to, the procurement of surplus supplies and services available in Yugoslavia for relief and rehabilitation in other areas, insofar as such procurement is consistent with the economic requirements of Yugoslavia.

(h) It will be the policy of the Administration and of the Government to maintain the purchasing power of the unexpended portion of the holdings established under paragraph (e) or of any balance in the account of the Administration derived therefrom so that the real value of supplies and services to be procured for the relief and rehabilitation programs with such credit or balance shall approximate the real value of supplies and services obtainable in Yugoslavia when the credit was established. In case of any substantial

change in the purchasing power of Yugoslavia currency as expressed in terms of such services and supplies, appropriate adjustments in the credit or balance shall be made by mutual agreement between the Administration and the Government.

par. 5.
✓
(1) The Administration shall have the right to use its local currency holdings free from restrictions on circulation in Yugoslavia and shall have the right to exchange freely such local currency into any other type of local currency used in Yugoslavia.

9000 Yugoslavia

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CONFIDENTIAL

26 August 1944

TO: George Xanthaky
FROM: Joel Gordon
SUBJECT: Discussion with Mr. Cannon, State Department

In a discussion at the State Department on August 26, Mr. Cannon of the Southeastern European Division expressed the following opinions on the situation in Yugoslavia:

1. It appears there might be no "military period" in Yugoslavia comparable to that in Greece; in the absence of Allied military direction of distribution in Yugoslavia, greater responsibility may devolve upon UNRRA.
2. Since UNRRA personnel in Yugoslavia may not be working under military direction and supervision as in Greece, it will be essential that UNRRA have personnel of high calibre capable of acting without close direction.
3. Was UNRRA ready and able to assume the necessary responsibility in Yugoslavia, especially since the situation might develop more rapidly than we previously expected. It appeared that there was a feeling that we might not be equipped to meet the situation at this time.

The above comments of Mr. Cannon, which I have paraphrased as accurately as possible, raise some important questions for us:

1. Do we have sufficient top-side staff in Cairo or on the way for the Yugoslav Mission? Recruitment at the lower levels has proceeded more rapidly than for the top levels.
2. To what extent have we clarified with the military our responsibility under the arrangement that might prevail for Yugoslavia? If supplies are turned over by the military to the government in Yugoslavia and there are no Allied military forces there, how could we act as "agents" for the military along the lines of our past thinking?
3. If UNRRA is confronted with a much larger immediate responsibility, should we not reorient our thinking and planning which has hitherto proceeded on the assumption of a military period with military

direction? If it appears that there will be military supply and direction only to the extent of delivering supplies to ports of entry, many problems of internal transportation and distribution for which we have been relying generally on the military may become our direct responsibility.

In the light of the AML plan contained in the recent letter from Mr. Matthews and the comments of Mr. Cannon, I believe we must re-think our role in the period of military supply, take necessary steps to clarify our relationship with the military and the government, and revise our planning accordingly.

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PARTICIPATION OF UNITED NATIONS RELIEF & REHABILITATION
ADMINISTRATION IN BALKANS - GREECE, YUGOSLAVIA AND
ALBANIA - DURING PERIOD OF MILITARY RESPONSIBILITY

1. ASSUMPTIONS.

- a) That UNRRA will take over MERRA.
- b) That it is essential that not more than one Allied organization should function independently on relief work in the Balkans at any one time, and that during the period of military responsibility UNRRA will not function as an independent body within the Balkans but will be the agency to assist in carrying out certain tasks and will be completely under Allied military direction and control.
- c) That UNRRA will provide the necessary personnel to carry out the tasks allotted to it by the Military Comd during the period of Military responsibility, and that UNRRA will undertake to remove any such UNRRA personnel at the request of the Military Comd.
- d) UNRRA will be responsible for the immediate administrative supervision and control of civilian personnel and organizations assisting in the tasks allotted to it by the Military Comd during the period of military responsibility, including personnel furnished by voluntary societies.

2. TASK.

- A Acting as the agent of Allied Military Liaison Forces under its direction and control, UNRRA will perform the tasks mentioned below, acting under directives issued by AML through regional or district headquarters:
 - i Medical. To prevent the spread of disease and to see that the best use is made of the technical equipment and stores that are being brought in, and render whatever practical medical assistance that may be necessary.
 - ii Relief. To assist the local administrations in setting up Centres for the relief of those members of the population who are totally destitute and to provide so far as practicable necessary welfare services. To give assistance to displaced persons and aid in their return and repatriation.
 - iii Supplies. To determine the persons to whom and the media through which relief supplies shall be distributed, and to carry out the necessary supervision of distribution of supplies with a view to ensuring equitable distribution and endeavoring to limit black market and other irregular activities.
 - iv Emergency Rehabilitation. To assist in such emergency rehabilitation in agriculture, industry, transportation, public utilities and services as may be necessary to relief.
- B To provide the necessary executive personnel who, during the period of military responsibility, will furnish assistance from the beginning in the relief and rehabilitation planning and will make the necessary arrangements and plans for UNRRA to take over in the subsequent period, and also to deal with all personnel

problems that may arise with UNRRA personnel. UNRRA's participation in planning activities is subject at all times to the overriding responsibility and authority of the military to develop and determine all plans for Balkan relief and rehabilitation activities during the military period.

3. PLAN.

A Plan is put forward in Appendix "A" so that UNRRA may have an idea of the numbers and type of personnel that may be required to carry out the task allotted to them by the military authorities during the period of military responsibility.

AGREEMENT

Subject to the ratification of higher authority, this paper establishing the relationship between the Allied Military Headquarters (Balkans) and United Nations Relief & Rehabilitation Administration is hereby agreed.

3rd April 1944

Maj. Gen. I. T. F. Hughes,
C. B., D. S. O., M. C.,
Commanding Allied Mil. Hq. (Balkans)

Benjamin F. Giles, Brig. Gen.
U.S.A.F.I.M.E.

Herbert H. Lehman, Director Gen.
United Nations Relief & Rehabilitation Adm.