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Document No. 011

Office of Reports and Estimates
Transportation Group NO CHANGE in Class.

DECLASSIFIED

Weekly Intelligence Summary No. 11

Class. CHANGED TO: TS S C
10 May 1948

Auth: DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

SURFACE TRANSPORTATION

Date: 1 Mar 78 By: 028

The recent action of the Joint Export-Import Agency (JEIA) of Bizonia in signing a contract with the Netherlands for use of river barges should aid the coal transport situation in Western Germany. Under the terms of the contract, JEIA obtains control of 110,000 tons of river barges which can be used in the coal traffic up the Rhine from the Ruhr to Mannheim, as well as in other Rhine traffic. The contract, running until 31 December 1949, is favorable to both JEIA and the Netherlands. JEIA will pay for coal carriage at the rate of 50-55 cents a ton, computed in guilders. JEIA is not bound under the contract to rent any of the craft, but will use them at its discretion. Furthermore, JEIA will pay no rental for barges laid up for repair and will pay only half of the rental fee when barges are not used because of low water or lack of freight. For its part, the Netherlands will gain the immediate return of barges due under restitution proceedings, will receive a fair price for their use, and is reasonably assured of employment for the vessels over a long period of time, thereby eliminating unemployment between charters, which might be the case if the vessels were subject to individual contracts.

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Rapid Growth of the Italian Merchant Marine.

The Italian merchant marine, among the hardest hit by war losses, has made a remarkable comeback. Prewar Italy ranked sixth among the merchant marine nations of the world with an ocean-going fleet of 3,200,000 gross tons. At the end of the war, however, the fleet had been reduced to 300,000 gross tons through sinkings and prize actions. Despite this extremely severe blow to Italian maritime operations, the Government took steps to reconstitute the fleet as rapidly as possible. In addition to initiating a ship construction program under extremely unfavorable conditions, steps were taken to acquire vessels through purchases, largely from the US (680,000 gross tons of Liberty ships and tankers from the US), while negotiations leading to repossession of former Italian-flag vessels seized as war prizes have been largely successful.

The extent of recovery is shown by a report appearing recently in the Annales Techniques de la Marine Marchande to the effect that the Italian fleet now exceeds 2,000,000 gross tons and is expected to reach 2,800,000 by midyear.

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There is little doubt that present efforts to augment the fleet will greatly benefit Italy, politically as well as economically. The transfer of 29 vessels to Italy by the US carried considerable weight in the recent elections, while the generally favorable attitude of the US toward creation of a postwar Italian merchant fleet has been an important factor in the continuing improvement in US-Italian relations. Economically, the program to construct vessels in Italian shipyards should contribute much to rebuilding and stabilizing one of Italy's major prewar industrial activities.

CIVIL AVIATION

Future Control of International Irregular Air Transport Operations

The Second Assembly of the International Civil Aviation Organization (ICAO), meeting 1 June at Geneva, probably will consider the status of non-scheduled international commercial air operations and their relationship to other aspects of international air transport. The intensive postwar development of other-than-scheduled international air services has created serious problems of regulation and control on both national and international levels.

The postwar international movement of non-scheduled aircraft has been broadly governed, among ICAO member states, by the Convention on International Civil Aviation signed at Chicago in 1944. Recognizing non-scheduled commercial operations as a legitimate and necessary form of international air transport, the signatories to the Convention contemplated that such operations be accorded the utmost freedom of movement in the promotion of the rapid re-establishment and development of world air commerce.

It has become increasingly apparent, however, that this idealistic view is not compatible with postwar conditions. Non-scheduled carriers are free of economic and technical control. They are not required to maintain the high standards of performance, service, and safety to which the scheduled airlines are subject and their more informal administrative procedures enable them to further reduce operating expenses. The general freedom of these operators from regulation, therefore, affords them the opportunity to provide serious and possibly unfair competition to the highly regulated scheduled airlines by offering directly or indirectly competing services on an irregular basis at considerably lower rates.

Some countries, including the US, UK, Canada, Argentina, and Australia, have attempted to control the movement of unscheduled foreign aircraft across their borders by requiring prior and specific authorization for each such

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flight. However, it is extremely difficult to enforce compliance with clearance regulations and there is actually no effective control over the movement of civil aircraft in most areas of the world. The resultant freedom, together with postwar world tension, has contributed to the increasing use of civil aircraft in various illicit activities. The most significant of these operations has been the clandestine movement of arms through Europe to Palestine by US aircraft with the active collaboration of the Czechoslovak Government (see TG Weekly 26 April). These illegal and irresponsible activities by private aircraft owners have assumed an increasingly para-military nature and thus directly affect the security of all countries concerned. It is likely, therefore, that the ICAO delegates will at least informally consider the possibility of establishing more stringent controls over the international movement of other-than scheduled aircraft. The enforcement of controls once established will, however, remain a continuing problem, calling for the maximum cooperation of all governments.

UK Purchases Five Constellations

The UK decision to purchase five Constellation air transports from Irish Airlines (Aerlinne Eireann) reflects a continuing desire on the part of British air transport operators to acquire modern US aircraft for intercontinental operations (see CIA Weekly Summary 26 March), despite the official policy of "fly British". This purchase of Constellations is considered an exception to the rule, presumably justified by the fact that they will be bought from an airline 40 percent British-owned and paid for with sterling rather than with dollars.

These five additional aircraft will give the UK a fleet of ten Constellations. As a result, there will be a tendency toward standardization. British operators, through the Ministry of Civil Aviation, will continue to press for a modification of official policy to permit taking advantage of the unusually generous offer of the US Export-Import Bank. (This offer, which still remains open, would permit the UK to pay for 25 new Constellations out of earnings over a seven-year period.) The UK, while not likely to abandon its fundamental policy of support for the British air transport industries, will probably decide, in the near future, to accept the US offer of long-range air transports as an interim measure.

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