

No. 3426

---

**UNITED STATES OF AMERICA  
and  
ITALY**

**Exchange of letters constituting an agreement relating to  
the use of counterpart funds in Trieste. Rome, 11  
February 1955**

*Official texts: English and Italian.*

*Registered by the United States of America on 15 May 1956.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
ITALIE**

**Échange de lettres constituant un accord relatif à l'utilisa-  
tion des fonds de contrepartie à Trieste. Rome, 11  
février 1955**

*Textes officiels anglais et italien.*

*Enregistré par les États-Unis d'Amérique le 15 mai 1956.*

No. 3426. EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND ITALY RELATING TO THE USE OF COUNTERPART FUNDS IN TRIESTE. ROME, 11 FEBRUARY 1955

---

I

*The American Ambassador to the Italian Prime Minister*

AMERICAN EMBASSY, ROME

11 February 1955

Excellency :

I have the honor to refer to conversations which have recently taken place between representatives of the Government of the United States and the Government of Italy relating to the future use of counterpart funds deriving from United States Government economic aid to Trieste in which it was understood that a general objective of the Italian Government is the continued economic development and political strengthening of the Trieste area. To assist the Italian Government in the attainment of this objective, the United States Government is prepared to agree to the continued utilization of the " ERP<sup>2</sup> Loan Repayment Fund " in Trieste on the following terms and conditions :

1) The currently applied joint signature by the United States Government and the appropriate authority for Trieste, since October 26, 1954, the Government of Italy as successor to the Allied Military Government, shall continue to be required for the release of funds from the ERP Loan Repayment Fund.

2) The Fund will continue to be used as a revolving loan fund for mutually agreed purposes in the Trieste area or elsewhere in Italy. Proposals for the use of part of the Fund outside of the Trieste area will be studied and discussed jointly by the United States Government and the Italian Government.

3) Loans from this Fund will be medium or long-term, at no more than 5½ per cent interest. Loans at less than 5½ per cent will be based on criteria mutually agreed between the United States and Italian Governments. Repayment of loans and interest thereon will be redeposited in the Loan Fund, and shall be available for further loans under the terms of this letter.

4) Security for the loans will be limited to reasonable coverage, not exceeding the assets of the project and without recourse to bank guarantees or mortgages on other property privately owned by the borrowers or others.

---

<sup>1</sup> Came into force on 11 February 1955 by the exchange of the said letters.

<sup>2</sup> European Recovery Program.

5) The United States Government shall retain the right of approval or disapproval of all loans and of all proposals to extend or otherwise alter the terms of previously approved loans. The Italian Government will furnish the United States Government with whatever information it may need for the foregoing purpose, including a copy of each loan application when submitted, and will, in due course, also furnish its evaluation of each application and a copy of each proposed loan contract. The United States Government will also receive quarterly reports of all approved loans, contract dates and amounts, amounts disbursed, amounts repaid, and amounts of principal and interest which are past due.

6) The specific procedures for processing loan applications so as to meet the terms of this letter will be established by mutual agreement between the two Governments. The United States Government will participate in formulating the convention between the Italian Treasury and the loaning agency designated to operate this loan program.

7) The Fund will be administered so as to promote the purposes of the Mutual Security Act, as amended, including the strengthening of democratic forces, and, particularly, free labor. To this end each loan applicant must be willing to treat with free trade unions as the representatives of his workers. The applicant must also agree, in the loan contract, to observe as a minimum the labor conditions and wage rates established in the national wage contracts, and to comply with existing social security legislation and other legislation pertaining to the protection of workers.

8) Authorized members of the United States Government will have access to the records of the approved lending agencies pertaining to loans from the ERP Loan Repayment Fund, as well as access to the recipient plants.

9) Extension or alteration of the foregoing terms and conditions of the ERP Loan Repayment Fund and its disposition in the event of termination of this program will be subject to consultation and agreement between the Italian Government and the United States Government.

Upon receipt of a letter from your Government indicating that the foregoing terms and conditions are acceptable to the Italian Government, the Government of the United States of America will consider that this letter and your Government's reply thereto constitute an agreement between the two Governments on this subject which will enter into force on the date of your letter in reply.

Accept, Excellency, the renewed assurance of my highest consideration.

Clare Boothe LUCE

His Excellency Mario Scelba  
Prime Minister of the Republic of Italy  
Rome