GORAN LATINOVIC

YUGOSLAV-ITALIAN ECONOMIC RELATIONS (1918–1941)
## Contents

Foreword .......................................................................................................................... 7  
Abbreviations .................................................................................................................. 11  

Introduction: **Yugoslavia and Italy (1918–1941): An Overview of Political Relations** ................................................................................................................................. 13  

Part I: **Economic Relations between the Kingdom of Serbs, Croats and Slovenes and the Kingdom of Italy (1918–1929)** ................................................................................................................................. 21  
a) The Yugoslav and Italian Economies: Principal Characteristics ................................................................................................................................. 21  
b) General Course of Yugoslav-Italian Economic Relations and the Amount of the Trade Exchange between the Two Countries ................................................................................................................................. 29  
c) Main Goods of the Yugoslav-Italian Trade Exchange ................................................................................................................................. 60  
d) Traffic, Transport and Customs Service ................................................................................................................................. 81  
e) Currencies and Loans ................................................................................................................................. 105  
f) Institutions of Economic Cooperation ................................................................................................................................. 115  
g) Conclusions ............................................................................................................................................... 121  

Part II: **Yugoslav-Italian Economic Relations during the Great Economic Crisis (1929–1933)** ................................................................................................................................. 125  
a) The Crisis and its Impact on the Yugoslav and Italian Economies ................................................................................................................................. 125  
b) The Decrease in the Trade Exchange between Yugoslavia and Italy and New Economic Agreements ................................................................................................................................. 131  
c) Conclusions ............................................................................................................................................... 156  

Part III: **Yugoslav-Italian Economic Relations Post-Crisis and in the Years of the German Economic Penetration into Southeastern Europe (1933–1941)** ................................................................................................................................. 161  
a) From the End of the Crisis to the End of Sanctions against Italy – A German Breakthrough ................................................................................................................................. 161  
b) From the End of Sanctions to the Beginning of the War – Italian Attempts to Regain Economic Positions in Yugoslavia ................................................................................................................................. 184  
c) Conclusions ............................................................................................................................................... 221  

Part IV: **Italian Capital in the Yugoslav Economy (1918–1941)** ................................................................................................................................. 226
General Conclusions ........................................................................................................ 248
Југословенско-италијански економски односи (1918‒1941): резиме .................................................... 255
I rapporti economici tra la Jugoslavia e l’Italia (1918‒1941): riassunto .................................................. 259
Sources and Bibliography ........................................................................................................ 263
Index of Personal Names ........................................................................................................ 274
Index of Geographical Terms .................................................................................................. 282
About the Author .................................................................................................................... 291
Foreword

Having studied Yugoslav-Italian relations during the 20th century, I soon realized historiography has neglected economic relations between the two countries, both Italian and former Yugoslav. Most previous researches had typically covered political and diplomatic relations. After I had officially become a Ph.D. student at the University of San Marino (L’Università degli Studi della Repubblica di San Marino, La Scuola Superiore di Studi Storici) in 2009, I seriously started to research Yugoslav-Italian economic relations (1918–1941), endeavoring to write a thesis on this topic and hoping that it would be a useful handbook for historians and others interested in relations between the two countries and two Adriatic coasts.

Shortage of bibliography was not an obstacle, bearing in mind that I tended to base my research mostly on archival sources. Therefore, I spent five months in Rome, researching in the Central State Archives (L’Archivio centrale dello Stato), where I found documents in five funds, especially in “L’Istituto nazionale per i cambi con l’estero” and in “Il Ministero della marina mercantile”. A significant part of my research took place in the Historic-Diplomatic Archives of the Ministry of Foreign Affairs (L’Archivio storico-diplomatico del Ministero degli Affari Esteri), where I used documents from its economic departments. I also conducted research in Roman libraries, especially the Library for Modern and Contemporary History (La Biblioteca di storia moderna e contemporanea). I found additional resources in the Central National Library (La Biblioteca Nazionale Centrale), the Gramsci Institute (Il Fondazione Istituto Gramsci), as well as in several libraries at La Sapienza University. Research in Belgrade was easier, although more extensive. In the Archives of Yugoslavia (Arhiv Jugoslavije) I found volumous documents related to my topic, especially in these funds: Ministry of Foreign Affairs of the Kingdom of Yugoslavia (“Ministarstvo inostranih poslova Kraljevine Jugoslavije”), Ministry of Trade and Industry of the Kingdom of Yugoslavia (“Ministarstvo trgovine i industrije Kraljevine Jugoslavije”), Central Directorate for Foreign Trade Exchange (“Centralna uprava za trgovački promet...
sa inostranstvom”), Central Office of Industrial Corporations of the Kingdom of Yugoslavia (“Centrala industrijskih korporacija Kraljevine Jugoslavije”) and the Legation of the Kingdom of Yugoslavia in Italy (“Poslanstvo Kraljevine Jugoslavije u Italiji”). As for books and articles of Yugoslav origin, I had the opportunity to review them in the Institute for Contemporary History (Institut za savremenu istoriju) and the Central Library of the Serbian Academy of Sciences and Arts (Centralna biblioteka Srpske akademije nauka i umetnosti).

Generally, every historical research is restricted by availability and the state of preservation of historical sources. However, besides unpublished documents from aforementioned archives, I also used several collections of published documents. As for bibliography, I used books and articles in the introduction part of my thesis, also in places where documents could not give satisfactory information, and where results of earlier scholarly researches were irreplaceable. Among those, precious and useful works for understanding political and diplomatic relations between Yugoslavia and Italy were written by Vjekoslav Bratulić (1966), Bogdan Krizman (1975), Ladislav Deák (1982), Enes Milak (1987), James H. Burgwyn (1997), Massimo Bucarelli (2004) and Luciano Monzali (2004). I broadened my knowledge on Yugoslav and Italian economic history in the period between the First and Second World Wars particularly by reading works written by Mijo Mirković (1958), Vladimir Dedijer (1972), Salvatore La Francesca (1973), Gianni Toniolo (1980), Smiljana Đurović (1986), Goran Pitić (1989) and Vera Zamagni (1993).

As for Yugoslav-Italian economic relations, little has been written. Ivo Belin’s article from 1930 was outdated. However, the author was likely the first one who published a few pages on these relations. Nicola La Marca’s book from 1979 provided interesting observations, while Ercole Sori’s article from 1981 was an excellent introduction for the period in which I was interested. Well documented was Vuk Vinaver’s article from 1976, as well as few pages on economic relations in Enes Milak’s book from 1987. Sergije Dimitrijević’s study from 1958 was also important for my research. Although two recently published conference proceedings (2015) provided some excellent observations about Italian strategies in the Balkans and Serbian-Italian relations during the 19th and the 20th century, little was written about economic relations.
After collecting data, I tried to reconstruct Yugoslav-Italian economic relations (1918–1941) in their totality. The book is upgraded and expanded text of my doctoral dissertation, which I presented and defended on the 28th of June 2012 at the University of San Marino. I hope that my book, which I publish seven years later, would motivate other historians to research Yugoslav-Italian (economic) relations in the 20th century. In that case, my efforts will not go in vain.

I am thankful to Dr. Danilo Capasso from Bari, former Professor and Head of the Department of Italian language and literature at the University of Banja Luka, from whom I learned the Italian language, when I was still a student, and who recommended me to apply for Ph.D. studies in History at the University of San Marino. I need to express my acknowledgements to the University of San Marino for a scholarship which I used during three years (June 2009 – May 2012) to cover all expenses related to four series of lectures in San Marino and to cover all costs of my research in Rome and Belgrade. Without their generosity, my research would not have been possible at all. I am thankful to my colleagues, Dr. Slobodan Bjelica, Professor of history at the University of Novi Sad, and Dr. Goran Nikolić, Senior Research Associate at the Institute of European Studies in Belgrade, who reviewed the text prior to publishing.

Finally, I am particularly thankful to my mentor, Dr. Vera Zamagni, Professor of economic history at the University of Bologna, whose expert advice and utmost support and understanding were of crucial importance during my research.

Goran Latinović

Banja Luka, the 28th of June 2019
Abbreviations

AJ = Arhiv Jugoslavije
37 = Milan Stojadinović
65 = Ministarstvo trgovine i industrije Kraljevine Jugoslavije
74 = Dvor Kraljevine Jugoslavije
76 = Centrala industrijskih korporacija Kraljevine Jugoslavije
77 = Centralna uprava za trgovački promet sa inostranstvom
81 = Dobrivoje Stošović
138 = Ministarski savet Kraljevine Jugoslavije
148 = Ministarstvo saobraćaja Kraljevine Jugoslavije
334 = Ministarstvo inostranih poslova Kraljevine Jugoslavije
KPO = Konzularno-privredno odeljenje
DU = Direkcija za ugovore
335 = Vojislav Jovanović Marambo
373 = Poslanstvo Kraljevine Jugoslavije u Italiji

ACS = Archivio centrale dello Stato
PCM–UCNP = Presidenza del Consiglio dei Ministri – Ufficio centrale per le nuove province
MMM–DGPAG = Ministero della marina mercantile – Direzione generale del personale e affari generali
MT–DGT, PS–DS = Ministero del tesoro – Direzione generale tesoro, Portafoglio dello Stato – Dati statistici
MT–DGT, UVCTP = Ministero del tesoro – Direzione generale tesoro, Ufficio di verifica e compensazione e trattati di pace
INCE–SDG = Istituto nazionale per i cambi con l’estero – Segretaria della direzione generale
INCE–UA = Istituto nazionale per i cambi con l’estero – Ufficio accordi
AF–SPD, CR = Archivi fascisti – Segretaria particolare del duce, Carteggio riservato
ASDMAE = Archivio storico-diplomatico del Ministero degli Affari Esteri
AC = Archivio del commercio
DGAC = Direzione generale degli affari commerciali
Introduction: Yugoslav and Italy (1918–1941): An Overview of Political Relations

The Kingdom of Italy was, officially, an ally of the Kingdom of Serbia in the First World War. However, bearing in mind that interests of those countries differed so much, it would not be an exaggeration to say that such a difference was equal to those between enemies and belligerent states.¹ The rivalry between Italy and Austria-Hungary became more evident in 1914, causing Italy to fear of territorial enlargement of the Habsburg Monarchy, which would disturb the balance of power in the Balkan region, where Italy had its own pretensions.² In fact, there were two opposite views in Italy on the Yugoslav question, i.e. the question of the unification of Serbs, Croats and Slovenes into one state. The first advocated a total domination of Italy on the Adriatic Sea and asked for territorial expansion on the Eastern coast of the Adriatic, and the second one called for a compromise with Southern Slavs, for a political collapse of Austria-Hungary, and for a creation of ethnic states on its ruins, in the traditional spirit of Risorgimento and Mazzini.³

After the proclamation of the Kingdom of Serbs, Croats and Slovenes on the 1st of December 1918, the new-born country faced two serious problems: international recognition and a definition of its borders. A realization of those goals substantially depended on Italy. However, the Italian Government strongly supported the Treaty of London, signed on the 26th of April 1915, with which the Triple Entente promised territorial gains to Italy, as a prize for its declaration of war against Austria-Hungary. Therefore, in October 1918, Italian troops, on behalf of the allies, seized Dalmatia, mainly on the border stipulated by the Treaty of London.⁴ However, during its stay in Dalmatia, the Italian army crossed that imaginary border on several locations, to apply military pressure upon the ongoing Paris Peace Conference.⁵

² Giordano Merlicco, Italy and the Austro-Serbian Crisis of July 1914, Serbian-Italian relations: History and Modern Times (edited by Biljana Vučetić), Belgrade 2015, 121.
Italian efforts in Dalmatia were motivated by its desire for a permanent stay in that region, and keeping it as an integral part of Italy. In this ambitious plan, quite naturally, the strife against the Yugoslav state was a continuously present factor. The main aims of Italian policy in Dalmatia were to eliminate or isolate organizations and supporters of Yugoslavia, and a desire to create an image of Italy as a powerful country. However, the discrepancy between wishes and reality gradually led to the fiasco of Italian political efforts in Dalmatia.

At the Paris Peace Conference (1919–1920), the Italian delegation retained a hostile attitude towards the Yugoslav delegation, since the newly proclaimed country was an obstacle to its territorial pretensions on the Eastern coast of the Adriatic Sea and to the possible Italian domination in Southeastern Europe. On the other hand, for the Yugoslav delegation, Italy was a center from which all activities directed towards the demolition of the Kingdom of SCS were originating, especially because Italians held in their hands the Treaty of London, and their military presence in the Eastern Adriatic. Rome claimed Dalmatia, while Belgrade wanted Trieste and even some regions of the Friuli’s Alps. However, direct negotiations between the two delegations began in March 1920, and Italian representatives understood that it would be impossible to defend a formula of “the Treaty of London plus Fiume”. Perhaps the essential mistake of the creators of the Italian policy towards the Kingdom of SCS was in the inability to choose between two possible solutions – the Yugoslav state as an ally or as an enemy.

---

6 The Yugoslav state was created in 1918 and it was officially called the Kingdom of Serbs, Croats and Slovenes until 1929, when it was renamed in the Kingdom of Yugoslavia. However, it is common in historiography to use the name of Yugoslavia for this country even before 1929, starting already from 1918.
Negotiations ended on the 12th of November 1920 by signing an agreement in Rapallo near Genova, after which the Italians evacuated their troops from the larger part of Dalmatia, i.e. from the territory that came under the Kingdom of SCS. By the Treaty of Rapallo, Italy recognized the Yugoslav state, and a possibility of cooperation between the two countries was opened, which was especially noticeable in complementary economic systems. Although the Treaty of Rapallo was received in Italy as a great success, there were some political circles which considered leaving Fiume/Rijeka out of the Italian state as a tragedy.

In September 1921, the two countries regulated questions of fishing in the Adriatic Sea and signed the Brioni Conventions. A practical application of the Treaty of Rapallo in Dalmatia, as well as some other local issues were agreed in Santa Margherita near Genova and signed in Rome on the 23rd of October 1922. Actually, that was the beginning of negotiations which would lead to an agreement signed in January 1924.

The seizure of power by Fascists in Italy at the end of October 1922 paradoxically led to an improvement of relations between the two countries, owing to efforts of the new Italian Government to consolidate its international reputation. One of the points of the fascist program called for international reconciliation, and Benito Mussolini wrote that

---

15 Bearing in mind Italian ethnic and cultural presence and influence in history of Eastern Adriatic coast, all towns, which appear in the text, will be written in both names, Italian and Slavic.
17 *I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia* (a cura di Amedeo Giannini), Roma 1934, 46–58.
there was nothing antifascist in the Italian intention to create its policy of reconciliation and balance with the Yugoslav state. Thus, he did not follow his straight-line radical goals, which he had previously promised, opting to show the Italian foreign policy as “new and dynamic”.

Although Fiume/Rijeka became an independent state, it was a hotspot of tensions in relations between the Kingdom of Italy and the Kingdom of SCS, until the Treaty of Rome was signed on the 27th of January 1924, which united the town with Italy. The agreement settled a clear border between the two countries and solved a very sensitive problem, which negatively influenced their relations. The Treaty of Rome was a common name for all the documents signed on that occasion. The agreement on Fiume/Rijeka with its 69 stipulations was just one part of it. Another, significant agreement was the Pact on Friendship and Cordial Collaboration between Italy and Yugoslavia. With this document both sides agreed on mutual support and cooperation. Moreover, if one of signatory countries became an object of aggression, the other would have to remain neutral, and to give political and diplomatic support.

However, the Italian Government also hoped that Italy would have the main role in the Balkans, and according to Mussolini, a friendship and cooperation between Italy and the Kingdom of SCS would bring stability in the Balkans and the Danube region, as well as open their doors to Italian economic, cultural, and thus political penetration.

In July 1924, the two sides signed a very significant agreement on commerce and navigation in Belgrade, which gave an additional measure of confidence for businessmen from both shores of the Adriatic Sea. Italy and Yugoslavia signed their sixth agreement of the 1920s in Nettuno near Rome on the 20th of July 1925. These were 32 conventions, mostly political and legal, but economic as well. They

---

22 Liliana Saiu, *La politica estera italiana dall’Unità a oggi*, 86.
24 *I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia*, 124–139.
completely responded to Italian interests and thus their ratification in Yugoslav Parliament slowed, due to the strong opposition, which triggered an anti-Yugoslav propaganda in Italian public opinion. The Nettuno Conventions were not only the last Yugoslav-Italian agreement in 1920s, but also the last one signed “in the peaceful spirit and cordial atmosphere”.26

Yugoslav-Italian dispute influenced Yugoslav-French and Italian-French relations, as well. Italian policy in Albania (1924–1927) put the Kingdom of SCS even closer to France, which accomplished its influence in Europe by alliance with newly-proclaimed countries in Eastern and Southeastern Europe, tending to remain a protector of the order established at the Paris Peace Conference. France and Yugoslavia found themselves in a group of countries satisfied with the new order, and their essential interest was to provide their own safety through the status quo in Europe. Yugoslav-Italian dispute would have never reached such a serious aspect, if it had not been for France. Paris saw in Yugoslavia a faithful ally in case of conflict with revisionist powers, and whenever Rome came into some sort of conflict with Belgrade, France supported Yugoslavia.27 Thus, the agreement between France and the Kingdom of SCS signed in November 1927 reinforced French-Italian tensions.28 As the answer to such a policy, Italy signed the Second pact of Tirana with Albania, and subsequently made its political and strategic positions in the Balkans stronger. According to the Yugoslav diplomatic envoy in Rome, Jovan Dušić, the Yugoslav diplomatic mistakes in 1920s caused its defensive policy towards Italy, the signing of the Treaty of Rapallo, with which the Kingdom of SCS lost any possibility of having an offensive border with Italy. According to him, by the First and the Second pact of Tirana (1926 and 1927), Italy entered the Balkans “like in its own house”.29

Although the period from 1925 to 1929 can be considered as the most peaceful years in European history between the First and

26 Čedomir Popov, Od Versaja do Danciga, Beograd 1976, 360–361.
27 Luigi Villari, Italian Foreign Policy under Mussolini, New York 1956, 27.
the Second World Wars, “the years of optimism”\textsuperscript{30}, in Yugoslav-Italian relations this was the period of crisis. In the late 1920s, the Yugoslav-Italian friendship was “a building from which only the facade remained”.\textsuperscript{31} In 1929, bilateral relations between the two countries were difficult and in the same year Italy started to support Croatian political immigrants organized in the Ustaschi movement. A serious deterioration of Yugoslav-Italian relations also marked the first half of 1930s, which was characterized by propaganda in the press and numerous incidents with minorities in both countries.\textsuperscript{32}

However, a certain indulgence of the Italian pressure in 1930s in comparison with 1920s was evident.\textsuperscript{33} Between 1930 and 1934, Yugoslavia and Italy came closer to each other several times, but every time when an agreement seemed to be possible, the Government in Rome spoiled ongoing negotiations.\textsuperscript{34} The murder of the Yugoslav King Aleksandar I Karadorđević in Marseille in October 1934 deeply complicated Yugoslav-Italian relations. Yugoslavs believed that the Fascist regime inspired the assassination.\textsuperscript{35} In the relations between the two countries, the murder of the King Aleksandar I Karadorđević meant further weakening of Yugoslavia.

In October 1935, the League of Nations imposed economic sanctions against Italy, due to the war in Ethiopia, and Yugoslavia participated, although sanctions had a tremendously negative impact on the Yugoslav economy. However, political consideration dictated the decision to participate. Italy’s aggressive policy towards Yugoslavia, with openly expressed territorial pretensions, forced the Yugoslav Government to take part, hoping that the League of Nations and its members would provide protection to Yugoslavia in case of a similar situation.\textsuperscript{36}

\textsuperscript{30} Čedomir Popov, \textit{Od Versaja do Danciga}, 339.
\textsuperscript{31} Massimo Bucarelli, \textit{La Jugoslavia nella politica estera di Mussolini (1924–1937)}, 81.
\textsuperscript{32} Luciano Monzali, \textit{La questione jugoslava nella politica estera italiana dalla prima guerra mondiale ai trattati di Osimo (1914–1975)}, 28.
\textsuperscript{34} Massimo Bucarelli, \textit{La Jugoslavia nella politica estera di Mussolini (1924–1937)}, 317.
\textsuperscript{35} Enes Milak, \textit{Italija i Jugoslavija 1931–1937}, 81–84.
Europe, which started during the Great Economic Crisis, became more intense. At the same time, particularly in the second half of 1935, Italy and Germany approached to each other, after a period of tensions in their relations. Italian policy in Yugoslavia, after sanctions, was determined by its convergence to Germany, and France’s significance diminished from earlier positions. In fact, the main Italian aim was to regain economic positions in Yugoslavia.37

In his speech in Milano in early November 1936, Mussolini openly pointed out that there were the conditions for “truly friendly relations between Italy and Yugoslavia”.38 However, a sense of distrust was so widely present in Yugoslavia, that new relations had to be established gradually and carefully.39 Negotiations started in December 1936 and finished on the 25th of March 1937 by signing the Treaty of Belgrade. Both sides agreed to respect their mutual borders, and in case one country came under attack, the other would have to remain neutral. They also confirmed their will to practice a peaceful conflict resolution and to broaden the trade exchange.40 New Yugoslav-Italian relations happened in a time of severe tension in Italian-French relations.

In reality, by the Treaty of Belgrade in 1937, contrasts between Italy and Yugoslavia were not surpassed, but just mutually eased.41 In September 1939, Italian Foreign Minister Galeazzo Ciano said that Yugoslavia was in the way of Italian expansion, Benito Mussolini told his generals in April 1940 that “Yugoslavia should be knocked down to its knees”, and Ciano again told a Hungarian diplomat that Yugoslavia would be soon destroyed.42 Indeed, a catastrophe occurred in April 1941.

Essentially, Italian policy in the Balkans attempted to penetrate the Adriatic hinterland and create a bridgehead towards the Middle East, and the main hindrance of such a policy was the problem of relations with the Yugoslav state. A precondition for spreading Italian influence in Southeastern Europe was supremacy in Yugoslavia. It was the main obstacle on the Italian aspiration to penetrate in the Balkans and the Danube region. In its resistance to this strategy, Yugoslavia mostly relied on France, making Yugoslav-Italian rivalry one of the main battlefields in the French-Italian and, indirectly, British-French conflict in Southeastern Europe. During the 1920s, the Italian policy in Yugoslavia was mostly in the sphere of Italian attention, with the exception of the French influence, while during 1930s it totally exceeded the frames of bilateral relations, owing to growth of interest of other countries. Italy had a “small” and a “big” program of foreign policy in Yugoslavia. The former tended to provide a fulfillment of aims which were realistic in actual international relations in Europe and the Balkans, while the latter was a collection of Mussolini’s wishes and it implied significant changes of those relations. In the period between the First World War and the Second World War, relations between Italy and Yugoslavia were full of dissents, contrasts and hostility. Yugoslav-Italian relations (1918–1941) went through many changes and they oscillated between violent tensions and attempts at reconciliation.

---

Part I: Economic Relations between the Kingdom of Serbs, Croats and Slovenes and the Kingdom of Italy (1918–1929)

a) The Yugoslav and Italian Economies: Principal Characteristics

After the First World War, all of its participants, those who won and those defeated, faced the same problems: inflation, settling of public accounts, reactivating demobilized soldiers into peacetime social and economic affairs, conversion of the war industry into a peacetime industry, reconstruction of war damages, etc. All of those problems produced social and political tensions throughout Europe. Essentially, the newly formed European states, including the Kingdom of SCS, faced four principal problems: 1) Agrarian reform, 2) Redirection of the trade, 3) Renewal and resizing of the infrastructure, and 4) Improvement of industry. Because of the formation of new states and new borders after the First World War, along with population migration, the partition of raw materials, on the basis of which pre-war European states planned their economies, also changed. The tendency of European countries for their economic autonomy was carried out under strong protectionist policies, which presented an obstacle to international trade. The accumulation of reserves and reduced demand forced a decrease in prices and canceling of earlier orders. Namely, the industry suffered. However, despite the war (1914–1918) interrupting international trade and flows of capital, and despite the changes in borders, in the period after the war there was some success in the renewal of fragile pre-war economic order and in return to the gold standard. The period from 1924 to 1929 especially noticed a growth in the world economy.

On the 1st of December 1918, a new state in Southeastern Europe was proclaimed – the Kingdom of Serbs, Croats and Slovenes. Its creation formed the unified market and customs territory, which enabled people and goods to circulate undisturbed and developed new business connections. However, in 1918, the most developed regions of the new

47 Ibid, 137.
48 Nikola Vučo, Ekonomiska istorija sveta, Beograd 1962, 149–150.
kingdom were still in the process of the second industrial revolution – installing electrical energy as power in the industrial production. At the same time, in the vastness of mountain regions the highest civilization reach presented a replacement of a kindling wood and torch by lamp oil.\(^{50}\)

The economy of the newborn Kingdom of SCS was backward, not only due to war destruction, especially in the eastern regions (Serbia), but also due to the late development of capitalism. However, Yugoslavia possessed excellent natural preconditions for economic development, such as rich farm land, wood and mining potentials and great natural energy sources. Among all Yugoslav lands, around 31% was under plough land, gardens, orchards and vineyards, around 26% was pasture and around 36% was forested. The economic structure of Yugoslavia was mainly characterized by agricultural production, by the growth of rural overpopulation, and by lack of free enterprise experience. Out of 26 strategic raw materials, on which the mineral wealth of one country can be estimated, Yugoslavia exploited 17. Yugoslavia held the top position in Europe in digging bauxite, lead, chromium and antimony. The Yugoslav production of antimony was 10% of world production, the production of lead was 4%, while the production of copper was also 4%. Reserves of coal were only 25% of the world average, but still much larger than those in Italy.\(^{51}\) In 1921, 80,4% of the Yugoslav population engaged in agriculture, cattle-breeding, forestry and fishery, while only 8,6% were employed in industry, with 3,4% in trade and transportation.\(^{52}\)

The Yugoslav industry was underdeveloped and factories were mostly in agroindustry and the wood industry. Industrial growth rate remained 2% annually. The weakness of industry had a reflection in the structure of foreign trade balance. As for industrial companies, there were two regions in Yugoslavia with more factories than others: the northern regions of Zagreb (762) and Belgrade (676).\(^{53}\)

---


By the number of factories and employees, and by value of investments, the wood industry was the most important industrial branch in the country. The exports of wood and wooden products, in particular timber, had a great importance in the trade and payment balance of Yugoslavia. Immediately after the war, the trade balance of the wood industry was positive, while the general trade balance was negative. The foreign trade of Yugoslavia, as the most significant part of its foreign economic relations, was determined by the historical background of the country, its economic structure, geographic position, as well as political relations in Europe. Yugoslav-Italian economic relations, in particular the trade exchange, can be also observed in these contexts. Yugoslavia had better economic relations with countries with which it did not have good political relations, such as Italy, Austria, and Germany. This was due to the fact that the Yugoslav economy was complementary with the economies of those countries, as well as due to good communication over the Adriatic Sea and the Danube river.54

Beyond trade, another essential economic tie of the Kingdom of SCS with the Western countries was the borrowed capital. However, loans requested for financing industrialization were spent for other purposes, and Yugoslavia, together with Greece, was the most indebted country in Europe.55

On the whole, the newly formed state of Yugoslavia had a serious problem to create a unique economic system. It was a conglomerate of various parts, all on different levels of economic development.56 Much like other Eastern and Central European countries, one can also note for Yugoslavia, that it was developing more slowly than the rest of Europe, and thus the period between the First and the Second World Wars could be characterized as a “missed opportunity”.57

It is interesting to mention an early Italian analysis of Yugoslav economic potential. In February 1921, the Italian Legation in Belgrade sent an analysis of Yugoslav natural resources and industry to the

Ministry of Foreign Affairs in Rome. It said that the Kingdom of SCS was an agrarian country, with 31.7% of the land arable, with 32.3% of land forested, and 15.3% pasture land. The most fertile territory was Vojvodina (Northern Serbia), and the most cultivated product in the country was maize, which covered 42.3% of all arable land, with annual production at 36.5 million quintals. In second place were wheat and rye (28% of arable land, and production at 24.5 million quintals), then potato (17.4% of arable land, and 15 million quintals), oats (7% of arable land, and 6 million quintals) and barley (5% of arable land, and 4 million quintals). Two great sources of profit of the Yugoslav state were tobacco and plums, which could be exported fresh, dry (prunes) and distilled (brandy). The Kingdom of SCS was also rich in cattle: 1.430.000 horses, 5.400.000 cows, 4.800.000 pigs, 12.000.000 sheep, and 3.000.000 goats. The regions of Bačka and Banat (both in Northern Serbia) were the richest with horses and pigs, Bosnia had the highest number of cows, and Central and Southern Serbia had many sheep and goats.58

The analysis showed that Yugoslavia was rich in minerals, with the most produced (in million quintals annually): coal (31.5), iron (20), lignite (2), as well as (in thousand quintals annually): zinc (306.000) and lead (198.000). Slovene regions and Bosnia produced the largest amount of coal. However, the production of coal did not satisfy domestic demands. Croatia produced lignite, and Slovene regions produced iron.59

The Italian Consulate in Sarajevo informed the Economic Department of the Ministry of Foreign Affairs in Rome about mines in Montenegro, near Kolašin, Nikšić and Podgorica, which contained iron and asphalt. They also wrote about the exploitation of charcoal in Bosnia. This region was especially evaluated as the richest in iron and they sent an estimate that Bosnia produced some 80.000 tons of crude cast iron annually.60

On the other hand, Italy had been united some five decades before Yugoslav unification, and its economy was far ahead the Yugoslav, due to the more rapid development of capitalism. Italy entered the First World War, partly as a result of industrialists’ interests, hoping to resolve

58 ASDMAE, AC, b. 165, p. 3–4.
59 Ibid.
60 ASDMAE, AC, b. 167, p. 23–4.
a problem of economic stagnation. Indeed, industrial mobilization had an important role in the war, and a few branches sustained growth: the air industry, chemical industry and electrical industry. It was believed at the end of the war that all would be rapidly returned to normality, but monetary inflation, and bank/corporation failures postponed recovery.

In order to protect their independence, Italian industrialists established the General Confederation of the Italian Industry in 1919, or simply “Confindustria”. However, Fascists took power in October 1922. Although the Fascist regime did not have a clear and coherent vision of economic problems and of the method to face them, the period from 1922 to 1925 can be characterized as an economic recovery. One of the factors of development was flexibility to support business activities. In this period the growth of industrial production in Italy was the second highest in Europe, after Denmark, and the value of its production increased by 18.4%, while employment grew by 6.2% and wages by 4.7%. The Italian trade deficit was 13.8 billion liras in 1920, but it decreased to 6.6 billion liras in 1922. In those years, a boom occurred in Italian exports, which doubled. Exports in 1922 were only 73% of those in 1913, but in 1925 exports were 42% higher than in 1913. However, this significant growth did not change either the composition of the Italian exports, which was still based on agricultural and textile products, nor importers of Italian goods. Besides, the Italian trade deficit, which was enormous in 1922, remained significantly high in 1925. The highest deficit during the 1920s was in the fields of food and raw materials. The main goods imported to Italy in the

---

63 Ibid, 217.
period between the First and Second World Wars were: charcoal and coke, grain, mineral oils, as well as scrap iron and steel, and the main exported goods from Italy were: citrus fruits, marble, alabaster, wines, vermouth and silk.\textsuperscript{71} In 1925 the United States of America accounted for 23,6\% of Italian imports, ahead of France (9\%), Great Britain (8,6\%), and Germany (8,5\%). However, already in the next year Germany (with 11,4\%) pushed France (8,2\%) to second place among European countries, and Great Britain (7,2\%) to third. In addition, 11,1\% of Italian exports was absorbed by France, and the same by Germany, ahead of the United States of America (10,4\%), and Great Britain (10,1\%). Already in 1926, Germany took first place.\textsuperscript{72} The destination of Italian exports in 1939 was as follows: Europe 55,7\% (Germany 17,5\%, Switzerland 5,4\%, Great Britain 4,8\%, Benelux 2,9\%, France 2,2\% etc), Africa 24,5\%, America 14,3\% (USA and Canada 7,5\%, Argentina 2,2\% etc), Asia 4,6\% and Oceania 0,5\%.\textsuperscript{73}

Although Italy was not a small country, the shortage of natural resources made the role of trade crucial in its process of growth and development. Italian foreign trade was uneven over time and the interwar period was marked by a general reduction of trade flows.\textsuperscript{74} After the First World War, a further reduction of the share of primary products on exports was noticeable in the structure of Italian trade, which reached almost half of the total on the eve of the Second World War. As for imports, there was a slight increase of the share of primary products, which accounted for over 65\% of the total.\textsuperscript{75}

In 1925, agricultural production participated in the national production of Italy with 33\%, while industrial production participated with 30\%.\textsuperscript{76} In 1927, agricultural production suffered a crisis, but in 1928 it was 62,2 million quintals, which was higher than previous


\textsuperscript{72} Gualberto Gualerni, \textit{Industria e fascismo: per una interpretazione dello sviluppo economico italiano tra le due guerre}, Milano 1976, 254.


\textsuperscript{74} Ibid, 134.

\textsuperscript{75} Ibid, 137.

\textsuperscript{76} Gianni Toniolo, \textit{L’economia dell’Italia fascista}, 15.
Agricultural products had an important role in Italian exports, but agronomy has never been a top priority of the Fascist regime, although they had a rural demagogy. Actually, they spent more energy giving economic support to financial and industrial sector. From 1921, Mussolini had been showing an economic philosophy of “Manchesterian type”. The textile industry played an important role, which experienced a crisis in 1921, but already at the end of the year it recovered, due to large orders from the Balkans. Yugoslavia undoubtedly had a significant participation in it. The average annual industrial growth in Italy from 1923 to 1929 was more than 5%, which was much better than 2% in Yugoslavia, but still lower than in Western European industrial countries. In 1926, a new phase in the development of Italian industrial capitalism began. The Fascist period was not a standstill in the process of industrialization.

It should also be mentioned that in 1920, Italy had 134.8 people per square kilometer, while Yugoslavia had 48.8 people per square kilometer.

<table>
<thead>
<tr>
<th></th>
<th>1920</th>
<th>1929</th>
<th>1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>37,398,000</td>
<td>40,469,000</td>
<td>43,865,000</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>12,422,000</td>
<td>14,194,000</td>
<td>16,305,000</td>
</tr>
</tbody>
</table>


The statistics of level of Gross Domestic Product per capita show the difference in the economic development of Italy and Yugoslavia during the 19th and the 20th Century (tables 2 and 3). In addition, the inflation rate between the First and Second World Wars should be observed (table 4).

---

80 Ibid, 66.
82 Gualberto Gualerni, *Industria e fascismo: per una interpretazione dello sviluppo economico italiano tra le due guerre*, Milano 1976, 22.
Table 2: Levels of Gross Domestic Product Per Capita in 1990 International Dollars

<table>
<thead>
<tr>
<th></th>
<th>1820</th>
<th>1870</th>
<th>1900</th>
<th>1913</th>
<th>1950</th>
<th>1973</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>1.092</td>
<td>1.467</td>
<td>1.746</td>
<td>2.507</td>
<td>3.425</td>
<td>10.409</td>
<td>16.229</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.029</td>
<td>1.546</td>
<td>4.237</td>
<td>3.887</td>
</tr>
</tbody>
</table>


Table 3: Index of Gross Domestic Product Per Capita in 1990 Geary-Khamis Dollars (US=100)

<table>
<thead>
<tr>
<th></th>
<th>1870</th>
<th>1890</th>
<th>1910</th>
<th>1920</th>
<th>1929</th>
<th>1938</th>
<th>1950</th>
<th>1973</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>59,7</td>
<td>48,1</td>
<td>45,9</td>
<td>45,5</td>
<td>43,8</td>
<td>52,9</td>
<td>35,8</td>
<td>62,7</td>
<td>71,8</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>35,2</td>
<td>35,8</td>
<td>30,7</td>
<td>19,0</td>
<td>19,8</td>
<td>22,2</td>
<td>16,1</td>
<td>25,5</td>
<td>27,2</td>
</tr>
</tbody>
</table>


Table 4: Inflation in Italy and Yugoslavia from 1920 to 1937 (1913=100)

<table>
<thead>
<tr>
<th></th>
<th>1920</th>
<th>1921</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>682</td>
<td>565</td>
<td>522</td>
<td>554</td>
<td>573</td>
<td>640</td>
<td>626</td>
<td>515</td>
<td>500</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1.172</td>
<td>1.036</td>
<td>1.415</td>
<td>1.970</td>
<td>2.029</td>
<td>1.804</td>
<td>1.526</td>
<td>1.560</td>
<td>1.562</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>487</td>
<td>425</td>
<td>352</td>
<td>338</td>
<td>306</td>
<td>300</td>
<td>326</td>
<td>369</td>
<td>429</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1.536</td>
<td>1.322</td>
<td>1.113</td>
<td>995</td>
<td>983</td>
<td>965</td>
<td>1.006</td>
<td>1.044</td>
<td>1.140</td>
</tr>
</tbody>
</table>

Comparing Italian and Yugoslav Gross Domestic Product, as the market value of all final goods and services produced in these countries in the interwar period, one can notice a clear difference between Italy and Yugoslavia. The Yugoslav economy was backward, although Yugoslavia had excellent natural preconditions for the economic development. The Italian economy was much ahead that of Yugoslavia, due to earlier political and economic unification, and a more rapid development of capitalism. In the period between the First and Second World Wars, the average annual industrial growth in Italy was higher than in Yugoslavia. However, the vicinity of the two countries, good communications over the Adriatic Sea, trade tradition, and most of all, complementary economic systems, were good preconditions for successful economic relations.

b) General Course of Yugoslav-Italian Economic Relations and the Amount of the Trade Exchange between the Two Countries

At the end of the 19th Century and the beginning of the 20th Century, Italy and the Balkans already established some trade relations, and Serbia and Montenegro were interested in the development of economic relations with Italy. However, the amount of the trade exchange between them and Italy was fairly low, only 0,5% of all Italian exports found its destination in Serbia and Montenegro. Italy imported from Serbia raw materials for its industry, and agricultural products, and it was exporting there the products of the construction industry. Italy also had trade with Austria-Hungary.84 In 1881, there were around 2.000 Italian workers in Serbia, on the railroad Belgrade – Niš – Pirot – Caribrod, and by 1888 their number was 4.000. Italians also found jobs building railroads in Bosnia and in the Littoral. Most of those employees were from Abruzzo.85

84 Ercole Sori, La penetrazione economica italiana nei territori degli Slavi del Sud (1896–1914), Storia contemporanea: rivista bimestrale di studi storici, anno XII, no. 2, Bologna 1981, 221.
In 1898, Italian-Serbian economic relations gained traction by establishing the “L’Agenzia commerciale italiana negli stati balcanici” in Belgrade. Its owner was Mosé Rocca from Milano. Nonetheless, Italy accounted for no more than 1.4% of all Serbian imports. The most imported Italian goods in Serbia were: paper, cotton and its products, silk, velvet, leather and wine.\textsuperscript{86}

Italian politician and entrepreneur Giuseppe Volpi (1877–1947), Minister of Finance (1925–1928) and president of “La Confederazione degli industriali” (1934–1943), as a young man went to Serbia, looking for a job due to a difficult economic and family situation. He founded the export-import firm “G. Volpi e Co.” and established contacts with the Serbian Government. He was one of the most prominent Italian pioneers in Serbia, having understood that a road to success led through ministerial offices in Belgrade. He often traveled to Serbia on business purposes.\textsuperscript{87} He was also present in Montenegro, due to his plans on tobacco and traffic. In the first decade of the 20\textsuperscript{th} century, he founded two companies there: “La regia cointeressata dei tabacchi” and “La compagnia di Antivari”.\textsuperscript{88} His business activities in the Balkans were connected also with some political projects\textsuperscript{89} and he endeavored to create a base in Montenegro for further Italian economic penetration in the Balkan region.\textsuperscript{90}

Due to the economic conflict between Serbia and Austria-Hungary, known as the Customs war (1905–1911), the trade exchange between Italy and Serbia increased. In 1906, Serbian imports from Italy were 936,000 dinars, but by the next year they were around 2 million. Serbian exports to Italy valued 572,000 dinars in 1906, but in 1907 they grew tremendously up to around 5 million.\textsuperscript{91} Such a significant increase

\textsuperscript{86} Ibid, 221.
\textsuperscript{87} Sergio Romano, Giuseppe Volpi: industria e finanza tra Giolitti e Mussolini, Milano 1979, 12.
\textsuperscript{88} Ibid, 18–30.
\textsuperscript{89} Ibid, 240.
\textsuperscript{90} Antonello Biagini, Italian penetration in the Balkans and the Importance of Montenegro in the Relations between Italy and Serbia during Worl War I (1914–18), Serbian-Italian relations: History and Modern Times (edited by Biljana Vučetić), Belgrade 2015, 164.
\textsuperscript{91} Ercole Sori, La penetrazione economica italiana nei territori degli Slavi del Sud (1896–1914), 224–225.
was a good reason for the two countries to sign the Trade Agreement in 1907. However, in 1913 Italian exports in Serbia were only 0.10% of total Italian exports to the European countries. In the same year, Italian imports from Serbia were only 0.26% of all Italian imports from the European countries.

Italy also had economic relations with the South Slavic provinces of the Habsburg Monarchy, especially with Dalmatia. Italy was second among exporters to Dalmatia. Additionally, the cement industry in Dalmatia was attractive to Italian investors. Thus, “La Società Zamboni e Stock” was founded in 1904 and “Adria portland - Società anonima del cemento portland dell’Adriatico” in 1907, along with some other Italian companies, or companies with Italian capital, involved in the economic life of Dalmatia. Italian trade in Bosnia was poor, despite endeavors by Carlo Brocchi, the only Italian representative in this region. Nevertheless, in 1903, Italy imported around 250,000 cubic meters of wood from Bosnia. On the eve of the First World War, Italy ranked as the third exporter to Montenegro. This country imported more only from Austria and Turkey.

During the First World War economic ties between Italy and the Balkans, not only with Serbia and Montenegro, but also with South Slavic provinces in Austria-Hungary, were endangered or completely broken. However, immediately after the war, business people from both shores of the Adriatic found their way to reestablish it.

One can note in the first Italian analysis after the end of the First World War that the newborn state on the Eastern coast of the Adriatic sea, the Kingdom of SCS, did not have a well-developed industry and that the Yugoslav state mainly depended on foreign imports, except in the field of the food industry. According to some estimates, Italy would be capable of exporting to Yugoslavia a great percentage of its industrial products, such as sugar, alcoholic beverages, beer, porcelain, glass, metal products, textile products, clothes and shoes, vines, cheese, chocolate, paper, brushes, soap, candles, automobiles, rice, oils, fruits,

92 Ibid, 231.
93 Ibid, 265.
94 Ibid, 240.
95 Ibid, 225, 237.
96 Ibid, 225–226.
The first estimates showed that the Kingdom of Italy had good perspectives in the economic relations with the Kingdom of SCS. Already in May 1919, the Italian Ministry of Treasure possessed the analysis of Dr. Moscheni, who pointed out that Yugoslavia was an important transition area between Italy, on one side, and Austria, Hungary, and Czechoslovakia, on the other. They had the information that the main merchandise which Italy had been importing from Yugoslavia were: wood, coal, cement, brick, grain, flower, bean, potato, plum, meat, and eggs. They also knew that Italy had been exporting to Yugoslavia beer, rice, citrus fruits, vines, various food products, textile products, cotton, paper, brushes, soap, candles, cars, porcelain and tires. Some of its regions, as Dalmatia, were so poor that they needed to import practically everything. Dr. Moscheni in his letter to the Ministry of Treasure particularly noticed that the Kingdom of SCS had to import even some food products, although it had a rich potential for food production.

Bearing in mind all these facts, it was observed that there were great opportunities for the Italian economy, not only for its exports, but also the chance to use Italian ports on the Adriatic Sea for both the Italian and the international exports. The role of Trieste was especially underlined. However, Dr. Moscheni emphasized that Italian products had to be competitive, in order to satisfy Yugoslav consumers. The Ministry of Treasure also possessed information about great interest of Italian industrialists for the cement factories in Spalato/Split and mines in Promina Mountain. At the end of his analysis, Dr. Moscheni concluded that it was important to provide advantageous conditions for trade with Yugoslavia.

Besides the aforementioned cement plant in Spalato/Split and mines in Promina Mountain, Italian industrialists were also interested in the companies that were engaged in using water potential in Dalmatia. During 1919, Italian businessmen were active in Spalato/Split, endeavoring to protect their own interests, as well as in all Dalmatia, and

---

97 ASDMAE, AC, b. 165, p. 3–4.
99 Ibid.
to provide for Italian economic penetration in this region, which was a bone of contention between Italy and Yugoslavia. They thought about Spalato/Split as the economic center of the great part of Yugoslavia, not only Dalmatia, but Herzegovina and Bosnia as well.\textsuperscript{100}

Endeavors for Italian economic expansion in Yugoslavia and the Balkans were not driven only by economic interests. They were also about strong political interests, because Italy tended to affirmed itself as an imperialistic power, and the economic penetration was an instrument of clear political aims.\textsuperscript{101} Thus, the Government in Belgrade made a decision on the 11\textsuperscript{th} of March 1919 to block the entrance to the Kingdom of SCS of all merchandise from Dalmatia under Italian rule, but only if they were of the Italian origin, while domestic products from the same region were allowed to enter, and without any taxes.\textsuperscript{102} Additionally, the imports of Italian goods from Fiume/Rijeka were prohibited, unless the merchandise had been bought before the 15\textsuperscript{th} of March 1919.\textsuperscript{103} Those were, actually, countermeasures against the Italian blockade of the Adriatic, because Italian authorities in Dalmatia had previously prohibited any traffic of Yugoslav goods to and from Dalmatia.\textsuperscript{104} During Italian occupation, people in Dalmatia faced serious problems with the supply of food and other merchandise.\textsuperscript{105} Due to those mutual impediments, the Greek town of Thessalonica emerged as a mediator in Yugoslav-Italian trade.\textsuperscript{106} In the meantime, Italy suspended its blockade of the Adriatic and preconditions for undisturbed traffic and trade exchange were made.

The trade exchange between the two countries is usually one of the main indicators of conditions and tendencies of their economic relations. After the war, the Kingdom of SCS faced serious problems in providing food for its population and in fixing war damages. The Serbian Government, while in exile in 1917, even before Yugoslav

\textsuperscript{100} ASDMAE, AC, b. 166, p. 23–4.
\textsuperscript{101} Nicola La Marca, \textit{Italia e Balcani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre}, Roma 1979, 11.
\textsuperscript{102} AJ, 77, 2–4.
\textsuperscript{103} AJ, 65, 246–740.
\textsuperscript{104} AJ, 77, 2–4.
\textsuperscript{105} AJ, 77, 55–152.
\textsuperscript{106} AJ, 65, 242–733.
unification, enforced the prohibition of exports from the country, and at
the same time they decided to release imports from any taxes. This was
done in fear of a severe famine and lack of goods, which was expected
in Yugoslavia after the war. However, this was untenable in practice,
due to tremendous needs for industrial materials for recovery of war
damages. Thus, both decisions were modified on the 5th of November
1919, by proclaiming export customs and import contingencies.107

However, bearing in mind that foreign trade was more and more
directed to the free international trade exchange, Yugoslavia, and Italy as
well, occasionally placed a ban on exports or imports of some products,
endeavoring to protect their own economy. Thus, the Italian diplomatic
envoy in Belgrade wrote on the 24th of March 1920 to the Ministry
of Foreign Affairs in Rome that the Government of the Kingdom of
SCS had lifted a ban on imports of some Italian goods which had been
marked as “luxurious”, although from the list of those products it was
evident they had been quite usual. They sent from Belgrade to Rome
on the 5th of April 1920 a list of this merchandise. There were in all 96
goods, such as mushrooms, citrus fruits, olives, flowers, leather, sea
fruits, beer, wine, candies, soaps, syrups, perfumes etc. These were
considered in Rome especially because of ban on imports of Italian
clothes and general textile products. The Italian Government responded
on the 30th of December 1920 by imposing a prohibition on imports of
some Yugoslav products. It seems that this ban was active in future years,
because on the 24th of December 1923 the Italian authorities explained
that the prohibition of imports of potato from Yugoslavia did not apply
due to the act from December 1920, but due to phytopathological
reasons.108

The Treaty of Rapallo, signed on the 12th of November 1920,
with which Italy recognized the Yugoslav state and evacuated its troops
from larger part of Dalmatia due to new borders, also contained several
economic items. Giovanni Giolitti, Carlo Sforza and Ivanoe Bonomi,
from the Italian side, and Milenko R. Vesnić, Ante Trumbić and Kosta

107 Goran Pitić, Karakteristike i organizacija spoljnotrgovinskog sistema
Jugoslavije od 1919. do 1929. godine, Acta historico-oeconomica Iugoslavie, 16,

108 ASDMAE, AC, b. 167, p. 23–4; Goran Latinović, Yugoslav-Italian Economic
Relations (1918–1929): Main Aspects, 175.
Stojanović from the Yugoslav, agreed on item number six to form a mutual commission which would suggest to both governments what should be done in order to establish “the most cordial economic and financial relations between the two countries”. They also agreed on the 7th item that the Kingdom of SCS would recognize to Italian citizens in Dalmatia all economic concessions that had been made by previous authorities in that region, i.e. Austria-Hungary. It would also guarantee to those citizens recognition of all diplomas and other university titles.

Around the middle of December 1920, in the Ministry of Treasure in Rome, they emphasized the main questions, which should have been regulated in future economic agreements with the Yugoslav state, including partition of archives (financial, railway, maritime etc), conditions of transport through Adriatic ports on both shores, banks, fishing, railways, post offices, telephone and telegraphic traffic, and pensions.

Yugoslav statistics of the Yugoslav-Italian trade exchange (1920–1929) show that Yugoslav exports to Italy were the lowest in 1920 and 1921, and highest in 1924, but in this period they was relatively stable (between 27,0% and 28,9%). The most favorable years were those from 1923 to 1925, which were followed by a decrease.

---


111 ACS, MT–DGT, UVCTP, el. 12, f. 1.
Table 5: Yugoslav exports to Italy in dinars (1920–1929)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>356</td>
<td>27,0</td>
</tr>
<tr>
<td>1921</td>
<td>576</td>
<td>23,4</td>
</tr>
<tr>
<td>1922</td>
<td>1,035</td>
<td>28,1</td>
</tr>
<tr>
<td>1923</td>
<td>2,307</td>
<td>28,7</td>
</tr>
<tr>
<td>1924</td>
<td>2,757</td>
<td>28,9</td>
</tr>
<tr>
<td>1925</td>
<td>2,249</td>
<td>25,3</td>
</tr>
<tr>
<td>1926</td>
<td>1,960</td>
<td>25,1</td>
</tr>
<tr>
<td>1927</td>
<td>1,590</td>
<td>24,8</td>
</tr>
<tr>
<td>1928</td>
<td>1,680</td>
<td>26,1</td>
</tr>
<tr>
<td>1929</td>
<td>1,971</td>
<td>24,9</td>
</tr>
</tbody>
</table>


As for Yugoslav imports from Italy, the year 1920 was unrepeatable, observed in percentage of total Yugoslav exports, and as of 1924 the constant fall was evident. However, the value of Yugoslav imports from Italy were the highest in 1924 and 1925.

Table 6: Yugoslav imports from Italy in dinars (1920–1929)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1,268</td>
<td>36,6</td>
</tr>
<tr>
<td>1921</td>
<td>855</td>
<td>20,7</td>
</tr>
<tr>
<td>1922</td>
<td>985</td>
<td>15,3</td>
</tr>
<tr>
<td>1923</td>
<td>1,470</td>
<td>17,7</td>
</tr>
<tr>
<td>1924</td>
<td>1,688</td>
<td>20,5</td>
</tr>
<tr>
<td>1925</td>
<td>1,644</td>
<td>18,8</td>
</tr>
<tr>
<td>1926</td>
<td>1,054</td>
<td>13,8</td>
</tr>
<tr>
<td>1927</td>
<td>940</td>
<td>12,9</td>
</tr>
<tr>
<td>1928</td>
<td>939</td>
<td>12,0</td>
</tr>
<tr>
<td>1929</td>
<td>823</td>
<td>10,8</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*
Only in 1920 and 1921, the Yugoslav trade balance with Italy remained passive, i.e. Yugoslavia imported more from Italy than it exported there. Starting in 1922, Yugoslavia had active or favorable trade balance with Italy, especially in 1924 and 1929.

Table 7: Yugoslav trade balance with Italy in millions of dinars (1920–1929)

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>- 912</td>
</tr>
<tr>
<td>1921</td>
<td>- 279</td>
</tr>
<tr>
<td>1922</td>
<td>+ 50</td>
</tr>
<tr>
<td>1923</td>
<td>+ 837</td>
</tr>
<tr>
<td>1924</td>
<td>+ 1,069</td>
</tr>
<tr>
<td>1925</td>
<td>+ 605</td>
</tr>
<tr>
<td>1926</td>
<td>+ 906</td>
</tr>
<tr>
<td>1927</td>
<td>+ 650</td>
</tr>
<tr>
<td>1928</td>
<td>+ 741</td>
</tr>
<tr>
<td>1929</td>
<td>+ 1,148</td>
</tr>
</tbody>
</table>


However, to understand whether or not imports and exports actually increased, current figures should be divided by inflation rates to get constant figures. In doing so, we reach different figures, which show that the most favorable years of Yugoslav exports to Italy were 1924–1926, as well as 1929, while Yugoslav imports from Italy were the greatest in 1920.
Table 8: Yugoslav exports to Italy and imports from Italy (at constant 1920 prices) in millions of dinars (1920–1929)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>356</td>
<td>1,268</td>
</tr>
<tr>
<td>1921</td>
<td>652</td>
<td>967</td>
</tr>
<tr>
<td>1922</td>
<td>857</td>
<td>816</td>
</tr>
<tr>
<td>1923</td>
<td>1,372</td>
<td>875</td>
</tr>
<tr>
<td>1924</td>
<td>1,593</td>
<td>975</td>
</tr>
<tr>
<td>1925</td>
<td>1,461</td>
<td>1,068</td>
</tr>
<tr>
<td>1926</td>
<td>1,505</td>
<td>810</td>
</tr>
<tr>
<td>1927</td>
<td>1,194</td>
<td>706</td>
</tr>
<tr>
<td>1928</td>
<td>1,260</td>
<td>705</td>
</tr>
<tr>
<td>1929</td>
<td>1,504</td>
<td>628</td>
</tr>
</tbody>
</table>

Italian statistics show that Italian imports from the Kingdom of SCS were the highest in 1926, which was marked as the year of the most valuable trade with Yugoslavia. However, the same year began the decline of Italian exports to the Kingdom of SCS, which peaked a year before. Only in 1925 and 1926, the value of trade between those countries exceeded a billion Italian liras.

Table 9: Value of the Yugoslav-Italian trade exchange in liras (1922–1927)

<table>
<thead>
<tr>
<th></th>
<th>Italian imports from the Kingdom of SCS</th>
<th>Italian exports to the Kingdom of SCS</th>
<th>Italian trade balance with Yugoslavia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1922</td>
<td>367,015,818</td>
<td>255,002,409</td>
<td>- 112,013,409</td>
</tr>
<tr>
<td>1923</td>
<td>488,809,003</td>
<td>337,796,037</td>
<td>- 151,012,966</td>
</tr>
<tr>
<td>1924</td>
<td>553,006,694</td>
<td>371,619,700</td>
<td>- 181,386,994</td>
</tr>
<tr>
<td>1925</td>
<td>780,964,096</td>
<td>496,461,981</td>
<td>- 284,502,115</td>
</tr>
<tr>
<td>1926</td>
<td>973,408,281</td>
<td>379,636,029</td>
<td>- 593,772,252</td>
</tr>
<tr>
<td>1927</td>
<td>613,571,779</td>
<td>307,703,816</td>
<td>- 305,867,963</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b.137, c/14.

On the way to the economic agreement, another analysis of the Yugoslav economy and especially of the Yugoslav-Italian trade exchange was written in January 1921, and in April the same year, it was
delivered to the Economic Department of the Ministry of Foreign Affairs in Rome. They noticed that Yugoslav imports in 1919 were valued at 2,982,067,276 dinars, but exports were valued much less, 686,845,040 dinars. According to the same analysis, in the first half of 1920, Yugoslav imports were valued 1,850,104,633 dinars, and exports 465,086,161 dinars. The most valuable imports to Yugoslavia (in the first half of 1920) were: cotton cloths (786,876,820 dinars), hemp and linen cloths (154,376,926 dinars), and wool and animal leather (124,007,560 dinars).

As for exports, the most valuable merchandise was wood (207,122,873 dinars), way ahead tannin (25,054,100 dinars), raw meat (21,639,679 dinars), maize (21,390,000 dinars) etc. It is particularly interesting and important to notice that in the first half of 1920, Italy absorbed almost half of all Yugoslav exports (226,072,043 dinars, 48,61%), ahead of Austria (152,847,994 dinars, 32,86%) and way ahead of other countries (Greece 18,361,920 dinars, 3,95%; Czechoslovakia 14,544,072 dinars, 3,13%; etc). They concluded that the Yugoslav policy of exports 1919–1920 was restricted with an unsecure customs system, unstable political strategy on the international level (because the Kingdom of SCS was the new state), agrarian reform, and an unstable currency.

During 1920 Italy imported from the Kingdom of SCS 500,000 tons of oak beams, 500,000 tons of beech beams, 500,000 tons of sawed fir, 150,000 – 200,000 tons of sawed oak, 80,000 – 100,000 tons of beech, and 20,000 tons of planks for barrels. As for minerals, in the same year Italy imported 500,000 tons of iron, 100,000 tons of iron scrap, over 200,000 tons of marl, 25,000 tons of magnesium, 5,000 tons of chromium, 5,000 tons of lead, and a certain amount of bauxite, but without a precise data.

A report from the 14th of August 1921, sent from the Italian Legation in Belgrade to the Ministry of Foreign Affairs in Rome, precisely shows that in the first four months of 1921 Yugoslavia exported goods to a total value of 502,050,335 dinars, and that in the same period Yugoslavia imported goods to a total value of 1,014,062,758 dinars, of which goods from Italy valued 282,359,234 dinars, or 27,84% of...

---

113 Ibid.
114 Ibid.
all Yugoslav imports, more than from Austria (233.933.474 dinars, or 23,07%), Czechoslovakia (164.683.625 dinars, or 16,24%), etc.\textsuperscript{115}

Trade between the Kingdom of Italy and the Kingdom of SCS remained advantageous during 1920s. Only from the 1\textsuperscript{st} of July 1921 till the 30\textsuperscript{th} of June 1922, Yugoslavia exported to Italy merchandise at a total value of 452.000.000 liras, and Yugoslavia imported from Italy goods valued at 232.000.000 liras (138.000.000 of cotton, 31.000.000 of wool, 11.000.000 of rice, 6.400.000 of fruits and vegetables, 5.000.000 of leather, 4.800.000 of cloths, etc).\textsuperscript{116} A certain discrepancy between the political relations between two countries, and those economic, is evident from another report of the 20\textsuperscript{th} of November 1922, which was addressed from Belgrade to Rome. They wrote that cotton products from Italy held the first place in whole Yugoslav imports of this merchandise in 1921 (433.910.262 dinars, or 37,80%), well ahead of Czechoslovakia (256.637.125 dinars, or 22,36%), Great Britain (126.070.849 dinars, or 10,98%) etc. Italy was also first in Yugoslavs imports of woolen products, with 82.769.617 dinars, which was 27,99% of all Yugoslav imports of these goods. Czechoslovakia was again second (58.130.383 dinars, or 19,66%) and Great Britain was again third (48.480.937 dinars, or 16,39%). Yugoslavia imported from Italy petroleum to a total value of 24.033.706 dinars, which was 23,18% of all Yugoslav imports. Only the United States of America imported more petroleum to Yugoslavia (33.413.258 dinars, or 32,33%). A value of the imports of metallurgical products to Yugoslavia in 1921 was as follows:

Table 10: Yugoslav imports of metallurgical products in 1921

<table>
<thead>
<tr>
<th>Country</th>
<th>Value (Dinars)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>226.299.577</td>
<td>55,58%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>95.956.078</td>
<td>23,57%</td>
</tr>
<tr>
<td>Germany</td>
<td>48.150.619</td>
<td>11,83%</td>
</tr>
<tr>
<td>Greece</td>
<td>9.566.008</td>
<td>2,35%</td>
</tr>
<tr>
<td>Italy</td>
<td>7.483.970</td>
<td>1,84%</td>
</tr>
</tbody>
</table>

ASDMAE, AC, b. 167, p. 23–4.

In the same year, the Kingdom of SCS imported from Italy a refined sugar to the value of 10.671.414 dinars, which was 7,34% of

\textsuperscript{115} ASDMAE, AC, b. 166, p. 23–4.

\textsuperscript{116} ASDMAE, AC, b. 168, p. 23–11.
total Yugoslav imports of this merchandise. In the Yugoslav imports of refined sugar, Italy was way behind Czechoslovakia (111.131.648 dinars, or 76.46%) and slightly behind Greece (10.994.115 dinars, or 7.56%).

The value of Yugoslav exports to Italy in the first quarter of 1922 was 219.579.672 dinars, or 30.42% of total Yugoslav exports in that period. Yugoslavs estimated that the trade exchange of Italy with countries which had appeared on the territory of the former Habsburg Monarchy was higher from 1918 to 1921, than with Austria-Hungary prior to 1914.

In early September of 1921, a telegram from Brioni arrived to the Presidency of the Council of Ministers in Rome, in which local authorities wrote about the great economic importance of the agreement with Yugoslavia, for the new Italian provinces. Brioni was the place where two countries signed the Agreement for Regulating Fishing in the Adriatic Sea on the 14th of September 1921. Fulco Tosti di Valminuta and Ivo Krstelj agreed on borders of mixed fishing territories, on fishing conditions there, on supervision, and on the Permanent Yugoslav-Italian Board for Fishing. Already on the 26th of September 1921, the Italian Commission for Fishing on the Adriatic expressed its encouragement by news that some local factors were ready to establish an association for the protection of fishing in the Velebit Canal, in which both, Italian and Yugoslav capital would be present, aimed at exports of fish from that region. The significance of such an association was not disputable, neither from the political, nor from the economic point of view. They also stressed that such an association should be supported by banks and credit institutions. Count Bullo from Venezia, the president of a similar association there, was ready to provide some means of transport, and refrigerators, as well. The General Inspectorate for Fishing notified the Presidency of the Government on the 26th of October 1921, that Gustavo Brunelli, technical inspector, had an opinion about the legitimacy of founding such an association. They knew that the Yugoslav side was interested in those activities. It was stipulated by the Brioni Convention.

---

120 I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia, 46–58.
on Fishing that regular meetings between representatives of the two
countries would be held annually. Italians looked forward to talk about
it at one of those meetings.121

There was a report in the Italian Ministry of Foreign Affairs, written
in 1922, about what should be done in order to upgrade Yugoslav-Italian
economic relations. According to this document, first of all, activities in
the bank sector should be coordinated, aiming to bring Yugoslav market
closer to the Italian one. A mutual bank institute with capital from both
countries should be established, in order to increase the exchange
between them. “La Banca Adriatica di Trieste” was recognized as a
possible coordinator or interlocutor between two economies, especially
because it already had affiliations in the Kingdom of SCS, as well as
good relations with some other banks there. The program of cooperation
between this bank and a Yugoslav bank (perhaps “Jadranska banka” in
Belgrade) should be as follows:

1. Intervene with competent authorities in surmounting all technical
   and bureaucratic obstacles to economic cooperation between Italy
   and Yugoslavia;
2. Influence newspapers in both countries to promote all kinds of
   economic collaboration;
3. Urge authorities to improve traffic possibilities, and, where likely, to
   simplify custom formalities;
4. Organize trade deposits for goods ordered in Yugoslavia, to make the
   business and transactions easier;
5. Simplify the selling of Italian products to Yugoslav purchaser;
6. Improve industrial collaboration.

In the report, even a project of nationalization of “La Banca
Adriatica di Trieste” was suggested and enclosed.122

An important step towards the agreements signed in 1924 was
the Conventions of Santa Margherita, signed in Rome on the 23rd of

121 ACS, PCM–UCNP, b. 62, e/49.
122 ASDMAE, AC, b. 169, p. 28; Goran Latinović, Yugoslav-Italian Economic
October 1922. Essentially, those conventions were nothing new but a practical application of the Rapallo Agreement, as well as an attempt in solving those aspects of the Adriatic question that were still unsolved. It was agreed that Zara/Zadar remained out of the Italian customs system, despite that it belonged to the Kingdom of Italy, and therefore all goods entering and exiting this town were free of any taxes or customs. The Kingdom of SCS would not impose any additional measures against exports to Zara/Zadar, especially food and agricultural products. Also, products from Zara/Zadar would be imported to the border territory of the Kingdom of SCS, without paying taxes and customs. They listed all merchandise comprised by those stipulations. From the Kingdom of SCS those were: olive oil, wine, vinegar, meat, eggs, milk, cheese, fish, vegetables, fruits, cereal, wool and wood. Goods from Zara/Zadar, which were exempt from any payments, were: olive oil, wine, vinegar, soap, candles, ropes, fishing nets, wool, wooden products, leather, glass, bottles, fish and insecticides.\textsuperscript{123}

One of conventions regulated repression of smuggling and financial offences. This was agreed with a mutual tendency to suppress and punish smugglers. Both sides obliged to cooperate to that affect, particularly in giving useful information to each other. Information would be given to both general directions of customs, in Italy and in Yugoslavia. However, this collaboration would not be confined only to giving information, but to expertly and technical support, when needed and asked.\textsuperscript{124}

The Santa Margherita Conventions also discussed the assessment of real estate in Dalmatia, systematization of various kind of property, and partition of regional and municipal belongings. It should be mentioned that provisional stipulations on industrial and trade business were concluded, but in an expectation of the trade agreement.\textsuperscript{125}

Although businessmen always found their way to make a profit, despite political challenges, these were sometimes a reason to worry. Thus, in early October 1923 a letter from the Italian Legation in Belgrade was sent to Rome, in which it was explained that “Expedit”, a company

\textsuperscript{123}I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia, 79–89.
\textsuperscript{124}Ibid, 90–97.
\textsuperscript{125}Ibid, 116–117.
which represented various Italian exporters, had expressed its concern about political tensions between Italy and Yugoslavia. They forwarded a complaint of Italian exporters about the possibility of endangering their positions in the Kingdom of SCS, which could be used by competing companies from other countries.\textsuperscript{126}

Preparations for negotiations with Italy started in Yugoslavia already in 1919, and the Yugoslav Government had a list of subjects and measures for the protection of its economic interests. From 1919 to 1924, negotiations gradually intensified.\textsuperscript{127} In January 1921, businessmen from the wood industry wanted to provide for better positions in the trade exchange with Italy, while winegrowers from Dalmatia and Herzegovina asked for protection of their interests, bearing in mind the quality of Italian wines. Matko Lajnja, a member of the Yugoslav Parliament and one of the most prominent politicians from Dalmatia gave his opinion on a draft agreement in May 1921. He critically evaluated several items and suggested some changes. His suggestions had some influence in further negotiations, due to the fact that he was well acquainted with the situation. He especially emphasized the principle of reciprocity and parity. Another prominent Dalmatian, Niko Ljubić, a lawyer and president of “Jugoslovenska industrijska banka d.d.” from Spalato/Split wrote to the Yugoslav delegation, regarding economic negotiations with Italy, particularly interested in the water potential of Dalmatia.\textsuperscript{128}

The Chamber of Commerce from Zagreb published in 1921 a booklet titled \textit{Spomenica u predmetu uredjenja privredno-financijskih odnosa sa Italijom} in which they strongly emphasized two preconditions that Italy should fulfill before negotiations even begin: 1. Complete implementation of all stipulations of the Treaty of Rapallo, and 2. Compensation for all damages made by Italian troops in Dalmatia. Yugoslavs demanded 3,950,000 liras, and the Ministry of Treasury in Rome had similar estimates.\textsuperscript{129} From the Chamber of Commerce in Zagreb, they also asked for an additional pressure on the Italian side to suspend its import taxes on semi-treated wooden products. They also

\textsuperscript{126} ASDMAE, AC, b. 167, p. 23–4.
\textsuperscript{127} AJ, 334(DU), 603–1832; AJ, 334(DU), 608–1841.
\textsuperscript{128} AJ, 65, 243–736.
\textsuperscript{129} ACS, MT–DGT, UVCTP, el. 12, f. 1.
appealed to the Yugoslav delegation to pay strict attention to Italian competition in the Adriatic Sea, having in mind fishing, as an economic factor.\textsuperscript{130}

In March 1923, negotiations took place in Rome. A suspension or reduction of Italian customs tariffs on cement from Dalmatia, which were 7.50 liras per quintal, was asked, as well as the fulfillment of the principle of reciprocity, which had been agreed upon in the Serbian-Italian treaty from 1907.\textsuperscript{131}

The Yugoslav authorities from Belgrade asked various economic stakeholders for ideas, opinions and concrete suggestions regarding ongoing negotiations with Italy. Thus, in early June 1923 the Chamber of Commerce from Novi Sad answered that eventual agreement with Italy should be signed for a short period, preferably two years, and after an additional stabilization of the Yugoslav economy, it should be extended. The Federation of Industrialists from Zagreb wrote to Belgrade on the 9\textsuperscript{th} of June 1923 explaining that the Kingdom of SCS was the weaker side in those negotiations. They noticed that most of the merchandise imported to Yugoslavia through Trieste was not of Italian origin, which made the Italians look like great mediators. Their opinion was that Yugoslavia did not have such important ports on the Adriatic Sea. They also suggested keeping old customs tariffs in the interim trade agreement. Industrialists and businessmen from Skopje and Veliki Bečkerek appealed to Belgrade not to give in to Italian pressure. The Industrial Chamber of Belgrade proposed a concrete suggestion on the 21\textsuperscript{st} of June 1923. The Italian import tax on Yugoslav wood was eight liras per ton, which was too high, so they suggested four liras. A similar suggestion came to Belgrade from Ljubljana in July 1923.\textsuperscript{132} The Slovenes were more interested in those negotiations, because of a land border with Italy and good trade relations, especially in the early period, while they were under Austria-Hungary.\textsuperscript{133}

In February 1924, two Yugoslav experts Sava Kukić, who was president of the Yugoslav delegation, and Milan Todorović, proposed three significant factors in the negotiation process: 1. Yugoslavs should

\textsuperscript{130} AJ, 65, 243–736.
\textsuperscript{131} Ibid.
\textsuperscript{132} AJ, 76, 78–147.
\textsuperscript{133} AJ, 65, 7–63.
denote an amount of minimal customs tariffs for Italian products, under which it should not be possible to fall, for the protection of the Yugoslav industry. 2. Some import relaxations for Yugoslav merchandise should be obtained, and 3. A special attention should be paid to the possibility of compensation of some goods between Italy and the Kingdom of SCS.\textsuperscript{134} During this month, Yugoslav-Italian economic negotiations were in crisis.\textsuperscript{135}

During April and May of 1924, preparations regarding a new agreement on trade and navigation with Yugoslavia were in progress in the Italian Government, and the question of cabotage was especially discussed.\textsuperscript{136} Luciolli, the president of the Italian delegation for the economic negotiation with Yugoslavia, reported on the 16\textsuperscript{th} of May 1924 that the Yugoslav delegation wanted to exclude the Danube River from the part of the agreement that referred to river traffic. In late June, it was reported that the Yugoslav delegation denied a free status to foreigners in the border zone of 50 km, unlike the Italian delegation which asked for such a possibility.\textsuperscript{137}

Italian authorities found out on the 12\textsuperscript{th} of July 1924 that importation taxes in Yugoslavia were reduced (except for wine), as a result of the previous negotiation. The delegation of the Kingdom of SCS asked the Italian representatives to reduce their importation taxes for cement, and agreed that Italian boats would sail on the Bojana river, but without permission to undertake any commercial activities.\textsuperscript{138}

Finally, the Yugoslav-Italian Agreement on Trade and Navigation was signed in Belgrade on the 14\textsuperscript{th} of July 1924,\textsuperscript{139} and the Italian diplomatic envoy in Belgrade, Alessandro Bodrero, informed Rome about strong support to the Agreement in the Yugoslav state.\textsuperscript{140}

The Agreement had 32 items plus 29 stipulations on border traffic.\textsuperscript{141} The signatories were Bodrero and Luciolli for Italy, and

\textsuperscript{134} AJ, 76, 78–147.
\textsuperscript{135} AJ, 65, 7–63.
\textsuperscript{136} ASDMAE, AC, p. 3–1–e.
\textsuperscript{137} ASDMAE, AC, p. 3–1–f.
\textsuperscript{138} ASDMAE, AC, p. 3–1–e.
\textsuperscript{139} AJ, 334(KPO), 384–1207.
\textsuperscript{140} ASDMAE, AC, p. 3–1–f.
\textsuperscript{141} I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia, 162–205.
Kukić and Todorović with three other delegates for Yugoslavia. The first sentence in the first item reads as follows: “There will be full and complete freedom of commerce and navigation between the Kingdom of Italy and the Kingdom of Serbs, Croats and Slovenes.” The second article provided the same treatment for Italian agrarian and industrial products imported into Yugoslavia, as those Yugoslav exported to Italy, and no additional taxes. Businessmen were allowed to buy in the territory of the other country under the same conditions as its citizens. In this item, the two countries recognized a status of the most privileged trade partner. The same was agreed for customs duties in fourth item. Exporters to both countries did not need to prove the origin of merchandise if it had been made in one of the two countries, as stipulated by the sixth article. Practically, the most privileged status affected customs duties and formalities, the transport of merchandise and everything related to the traffic of goods. Both sides also obliged not to impede, in any way, mutual trade with prohibitions or limitations. However, there were some exceptions regarding military supplying, public security, and the state monopoly which had been previously imposed. Also, all types of goods from one country through the other would be exempt from any duties. Noteworthy was article no. 16 which provided recognition of the legal existence of trading firms which had a headquarters in one of the two countries, so that they did not have to apply for it. Although ships were mutually treated as domestic, cabotage was reserved only for domestic fleets, as written in the 28th item. Italian ships were allowed to sail into the Yugoslav rivers of Zrmanja, Krka and Neretva, while Yugoslavs were allowed to sail to the Italian ports of Fano, Pezaro and Ravena. The tariff part of the Agreement tied around 80 customs positions in Yugoslavia with around 20 in Italy. The Agreement arranged many stipulations on border traffic. Although it was signed in July 1924, the Agreement came in effect in November 1928. There were skeptics in both countries. Some Yugoslav economists warned about the negative consequences the Agreement could have on the Yugoslav economy.\footnote{Goran Pitić, \textit{Karakteristike i organizacija spoljnotrgovinskog sistema Jugoslavije od 1919. do 1929. godine}, 117.} On the other hand, Ugo Sala, attaché for economic affairs in the Italian Legation in Belgrade, already in January 1924 in a confidential letter warned Mussolini that such an agreement could not make Yugoslav-
Italian trade more intensified through the Yugoslav purchase of Italian products, and thus make it dependent on Italy.\textsuperscript{143}

However, in late July 1924, the Italian Consulate in Sarajevo sent a letter to the Ministry of Foreign Affairs in Rome, with a report on the writing of local newspapers about Italian economic penetration in Yugoslavia. It was written, among other things, that such a penetration was on-going in a great manner, and that the Yugoslav state would become an Italian “vassal”, which was, without any doubt, exaggerated. The author of the article wrote that Italian loans were especially dangerous. His opinion was that the Kingdom of SCS should take foreign loans, but from those countries which borders were far away from Yugoslavia.\textsuperscript{144}

The question of cabotage was discussed again in Rome in early August 1924, during the Yugoslav-Italian talks. Italians wanted to perform that sort of activity along the Yugoslav coast, showing a clear economic interest.\textsuperscript{145}

On the 12\textsuperscript{th} of August 1924, the Convention on Livestock Diseases between Italy and the Kingdom of SCS was signed in Belgrade by Bodrero and Luciollli from one side, and Kukić and Ribarž from the other. This document was signed with the mutual intention to make livestock trade easier and to remove, where possible, the threat of diseases which could be transferred from one country to another. The Convention had 11 items. The first article left open a possibility for importers to confine the entrance of cattle to border stations where it would be exposed to veterinarian control. As stipulated by the second item, all importers would have a certificate on the origin and health of animals. The imports of slaughtered livestock and poultry were allowed, but only with clear proof of their health. If veterinarian inspection found any ill animals, the whole transport would be prohibited to enter, as written in the sixth item. Also, a country which imported ill animals or contagious meat would have right to confine or forbid imports of all suspicious transports.

\textsuperscript{143} Nicola La Marca, Italia e Balcani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre, 78; Goran Latinović, Yugoslavia-Italian Economic Relations (1918–1929): Main Aspects, 184–185.

\textsuperscript{144} ASDMAE, AC, p. 4–6, s. 4.

\textsuperscript{145} ASDMAE, AC, p. 3–1–e.
Bearing in mind that livestock and meat products were among the most important goods in the Yugoslav-Italian trade exchange, the Convention on Livestock Diseases was one of most important documents signed between those countries.

In November 1924, Italians wanted to eliminate Yugoslav competition from Fiume/Rijeka by talking about a systematization of banks and a unification of the storehouse administration. There was an opinion that the Yugoslav-Italian tariff competition regarding storehouses and deposits in the Fiume/Rijeka region damaged the development of trade. Italians were ready to offer special reductions to the Yugoslavs, in order to encourage them for the possibility of administrative unification of storehouses.146

In the first nine months in 1924 (January – September), the value of Yugoslav imports was 5,995,365,296 dinars, and the value of Yugoslav exports was 6,654,263,425, meaning that the Kingdom of SCS had an active foreign trade balance.147

Table 11: Main merchandise imported to the Kingdom of SCS in the third quarter of 1924 (July – September)

<table>
<thead>
<tr>
<th>Goods</th>
<th>Tonnage</th>
<th>Millions of Dinars</th>
<th>% of all import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cotton</td>
<td>3.957</td>
<td>406,8</td>
<td>18,7</td>
</tr>
<tr>
<td>2. Flax</td>
<td>1.186</td>
<td>191,8</td>
<td>8,8</td>
</tr>
<tr>
<td>3. Cotton fabrics</td>
<td>1.573</td>
<td>105,1</td>
<td>4,9</td>
</tr>
<tr>
<td>4. Sugar</td>
<td>8.003</td>
<td>87,2</td>
<td>4,0</td>
</tr>
<tr>
<td>5. Coffee</td>
<td>2.592</td>
<td>77,8</td>
<td>3,6</td>
</tr>
<tr>
<td>6. Various iron products</td>
<td>6.713</td>
<td>77,0</td>
<td>3,6</td>
</tr>
<tr>
<td>7. Engines and tools</td>
<td>4.082</td>
<td>71,1</td>
<td>3,3</td>
</tr>
</tbody>
</table>

ASDMAE, AC, p. 4–6, s. 4–15.

146 ASDMAE, AC, p. 3–1–g.
147 ASDMAE, AC, p. 4–6, s. 4–15.
Table 12: Main importers to the Kingdom of SCS in the third quarter of 1924 (July – September)

| 1.   | Italy                     | 513,839,256 million dinars | 23,61 %  |
| 2.   | Czechoslovakia            | 414,820,214 million dinars | 19,03 %  |
| 3.   | Austria                   | 400,154,732 million dinars | 18,39 %  |
| 4.   | Great Britain             | 249,257,668 million dinars | 11,45 %  |
| 5.   | Germany                   | 184,029,528 million dinars | 8,46 %   |

From 1923 to 1926, Italy concluded trade agreements with Turkey, Albania, Yugoslavia, Bulgaria, Greece and Romania. Initial results were positive and Italian exports increased nearly by 25%. However, at the end of 1925, Italy ran a deficit in trade of some billion liras.148

The Italian Consulate in Skopje sent an official letter dated the 12th of June 1925 to Rome, in which the author, Antonio Luca, informed the Italian Government about the economic crisis in Southern Serbia (Macedonia). According to the letter, the crisis was partially caused by the emigration of the Muslim population, mainly agrarian, to Turkey, on territories from where Greeks had been previously expelled. The production of tobacco decreased and the shortage of working capital was evident, and local banks did not have the means for more significant loaning from private initiative. There was a chance for Italian economic penetration in Southern Serbia, although Italian capital was already there – in the textile and cotton industries, as well as in the production of rice, olive oil, woolen clothes, leather etc. The suggestion from Skopje was that Italian businessmen should think about new initiatives, especially while the local crisis remained on-going.149

Additional conventions between Yugoslavia and Italy were signed on the 20th of July 1925 in Nettuno near Rome. There were 31 total conventions with which various opened questions, including those with economic significance, were regulated, such as: railroad and maritime traffic, public and legal affairs (pensions, taxes, fishing, debts

---

148 Nicola La Marca, Italia e Balcani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre, 29–30.

149 ASDMAE, AC, p. 4–6, s. 4–5.
and insurance).\textsuperscript{150} In the Kingdom of SCS, the Nettuno Conventions were understood in an adverse context, as an additional Italian economic penetration of Yugoslavia, particularly in Dalmatia, where demonstrations broke out. There was an opinion that Yugoslav-Italian trade relations must be based exclusively on commercial interests, and that Yugoslavia was averse to close economic cooperation with Italy, but those relations could not be chains, but good contracts which would protect freedom and independence of economic development. Concessions should be given to Italy, but only on the basis of mutual interest.\textsuperscript{151} Due to strong resistance, the Nettuno Conventions were not ratified in the Yugoslav Parliament until August 1928, which negatively influenced relations between the two countries.

In early January 1926, the Trade Agency of the Kingdom of SCS in Milano sent a report on the condition of the Italian market in 1925 to Belgrade. They listed goods and gave a short description of the market:
- Metals: the market remained, and predicted better future;
- Copper: some oscillations were noticed, while consumption was regular;
- Lead: very good consumption with steady prices;
- Steel: Italian production surpassed last year’s and they imported a large amount, thus consumption increased from 25 kg to 50-55 kg per person;
- Silk: in relation with foreign partners there were no problems, which gave an additional measure of confidence;
- Cotton: consumption was satisfactory, despite industrial depression in Great Britain;
- Hemp: the price was low;
- Flax: the market was poor, which forced the Italians to consider strengthening of production;
- Wool: 1925 was the deepest crisis, due to reduced consumption in many countries;

- Cereal: 1925 was characterized with great fluctuation and unrest in this sector;
- Wine: expected exportation in France did not take place, but another market was found;
- Coffee: in 1925 prices were 20% lower than in 1924;
- Sugar: importation from abroad was vast, and prices lowered;
- Tea: it was in excellent condition during the year;
- Leather: in the first half of 1925, situation on the market was positive, but then standstill was evident;
- Coal: overproduction caused a drop in prices in the second half of the year.152

During 1925, the Kingdom of SCS and the Kingdom of Romania slowly brought the Iron Gates Section of the Danube out of the control of the International Commission of the Danube and to put it practically under the Yugoslav-Romanian control, which was against the 347th paragraph of the Versailles Agreement, according to which the Danube river was under the control of the International Commission of the Danube. The Italian Government protested in October 1925, they considered such a tendency unacceptable, and endeavored to protect its economic interests.153

A report on the participation of various countries on Yugoslav imports in 1925 was sent from Belgrade to Rome on the 17th of April 1926. According to statistics enclosed in the report, Italy was in the first place among importers to the Kingdom of SCS.

153 ACS, MMM–DGPAG, b. 151, c/3.
In the report it was noticed that in 1924 Italian imports to the Kingdom of SCS accounted for 28.91% of total Yugoslav imports, and that in 1925 it was 18.78% of all Yugoslav imports. Such a decrease was mostly caused by the German competition. Germany contributed to Yugoslav imports in 1924 with 4.08%, and in 1925 they more than doubled.\(^{154}\)

Generally, Italian exports increased by 13.5% from 1922 to 1925.\(^{155}\) However, a serious slowdown in the trade exchange between the Kingdom of Italy and the Kingdom of SCS was quite evident after 1926. Italian goods did not find their market in Yugoslavia as easily as a few years ago. Bodrero, the Italian envoy in Belgrade, noticed that immediately after the end of the First World War, Italian exporters made an excellent profit in Yugoslavia, and the period (1919–1924) had been favorable for them. However, goods from Germany, and also from Czechoslovakia, France and Great Britain, started to push back Italian products from the Yugoslav market. He held that Italian tradesmen had not coped well with the competition for the Yugoslav market. According to the Italian envoy, there were several reasons of the fall of Italian exports to Yugoslavia:

1. The Yugoslav market did not need all kinds of goods, as in the first several years after the war;
2. The purchasing power of Yugoslav citizens decreased;

---

\(^{154}\) Ibid.

\(^{155}\) Gualberto Gualerni, *Industria e fascismo: per una interpretazione dello sviluppo economico italiano tra le due guerre*, 44.
3. Economic circumstances in Yugoslavia required more investments than earlier;

4. Unlike their competition, Italian businessmen did not want to agree to long-term business deals, which was more necessary than a few years ago;

5. Companies from Germany, Czechoslovakia, and other competitive countries lobbied in Belgrade, searching for people at important positions in order to provide ideal conditions for their business. On the other hand, Italians did not utilize such means, and instead of creating a network of offices and branches in Yugoslavia, their authorized missions were out of the country, in Munich, Trieste and Vienna, which was absolutely wrong.\footnote{ASDMAE, AC, p. 4–6, s. 4–15; Goran Latinović, Yugoslav-Italian Economic Relations (1918–1929): Main Aspects, 188–189.}

One of the key factors that influenced the decrease of Italian exports to Yugoslavia after 1926 was a development of the Yugoslav textile industry, especially for wide usage, as noticed by “Piccolo” from Trieste. This newspaper wrote that the Yugoslav textile industry was already able to cover the complete domestic market and that Italian exporters should find a possibility to offer other industrial products, besides textile.\footnote{AJ, 334(KPO), 384–1207.}

As for the trade exchange between the Kingdom of SCS and the Kingdom of Italy in 1926, wood, maize and livestock accounted for the most imported products to Italy from Yugoslavia, while cotton and cotton products, rice, and wool and woolen products accounted for the most exported from Italy to Yugoslavia. In the first half of 1926, the Kingdom of SCS exported to Italy construction timber (401.714 tons), firewood (114.082 tons), cellulose (1.459 tons), parquet (1.059 tons) and furniture (47 tons). Regarding Yugoslav exports of grain to Italy, maize (135.544 tons) and wheat (47.343 tons) were leading the way. In the same period, the Kingdom of SCS exported to Italy 28.717 heads of livestock and 13.662 horses. Yugoslavia imported 30.597 quintals of all kind of Italian cloth, but mostly of cotton (18.053 quintals).\footnote{AJ, 334(KPO), 425–1375.}
Years 1925 to 1929 marked a period of relative prosperity in the European economy. Various trading prohibitions disappeared, as well as contingents and foreign exchange limitations in trade, which led to economic liberalization. It is interesting that in this period Yugoslav-Italian trade exchange remained at a lower level than in early 1920s.
Moreover, Yugoslavia maintained better economic relations with Italy, with which political relations were poor, than with France, with which political relations at that time remained advantageous. In the trade agreement signed in 1929, France gave to Yugoslavia the status of the most privileged nation, a unique case in French foreign policy after the First World War.\textsuperscript{159} However, in the 1920s, the trade exchange between France and Yugoslavia was infrequent and poor, and the absence of significant exchange could be explained by financial reasons, the absence of tradition, geographic distance and lack of direct traffic between them.\textsuperscript{160} Between the First and Second World Wars, on average, Yugoslavia exported to France only 3\% of all its exports, and it imported from France only 3.9\% of its total imports.\textsuperscript{161}

Yugoslav trade exchange with other Balkan nations was limited, due to the similar economic structure of those countries. On the other hand, Yugoslav trade exchange with Italy, Austria and Germany was 54.3\% of all Yugoslav exports, and 47.5\% of all Yugoslav imports. Reasons for such advantageous economic relations were complementary economic systems, tradition, and excellent traffic communications over the Adriatic Sea and the Danube River, and by land, as well.\textsuperscript{162}

In Italian endeavors to penetrate economically into the Balkans, Albania held a special position. From 1924 to 1931, Italy continually penetrated the Albanian economy, a country that remained extremely backward and did not have any base for independent economic development. Thus, Italy took advantage, having a goal to consolidate its economic and political positions there. In doing so, Italy encountered Yugoslavia, which was not an adequate opponent in this field.

Mario Alberti, a representative of Italian banks, prepared a text on establishing the Albanian National Bank, which he signed together with the Albanian Minister of Finance on the 19\textsuperscript{th} of March 1925. Assemblage of the Italian-Albanian convention on establishing that financial institution was followed by protests of the Yugoslav Government. After the January 1924 Yugoslav-Italian agreement, the

\textsuperscript{161} Jozo Tomasevich, \textit{Foreign Economic Relations 1918–1941}, 170-171.
\textsuperscript{162} Ibid, 171.
Yugoslav Government considered itself an equal to the Italian side in the project of founding the Albanian National Bank. Such activity for the Yugoslavs was of great significance, so that it could parry to Italian influence in Albanian economic and financial affairs.\textsuperscript{163} Italian representative in Durazzo wrote about Yugoslav intentions to cause trouble in the Italian program of economic penetration in Albania and he suggested to Rome to demand from Belgrade guarantees about its policy in Albania, in line with the Treaty of Rome.\textsuperscript{164}

However, Yugoslavs succeeded in entering that project, and besides “La Banca Nazionale di Credito”, “La Banca Commerciale Italiana” and “La Banca di Roma”, three banks from the Kingdom of SCS participated in the foundation of the Albanian National Bank: “Srpska banka” from Zagreb, “Zadružna banka” from Belgrade and “Jadransko-dušavskana banka”. However, Italians provided for themselves a dominant position, and gradually, Italian capital dominated in that institution, overwhelmingly utilizing it for the economic penetration in Albania.\textsuperscript{165}

With a view to compete with Italian economic interests in Albania, Yugoslavia established in 1925 the Serbian-Albanian bank in Scutari, which had only a local and regional character. Careful behavior of the Yugoslav Government regarding Italian economic penetration in Albania was caused by a wish to upgrade Yugoslav-Italian relations, which had been especially tense since 1926. At that time, the Kingdom of SCS negotiated with British and American banks, obtaining a loan of 50 million pounds, and they desired good relations with its neighbors, bearing in mind that those banks wanted to see a clear situation in Yugoslav political relations with abroad.\textsuperscript{166}

After the 1926 Treaty of Tirana, Yugoslav-Italian relations worsened. On the 1\textsuperscript{st} of July 1927, the Kingdom of SCS expelled Count Connestabile della Staffa, which was an essentially worthless affair, but a great diplomatic scandal. Namely, the aforementioned came to Belgrade in 1921 as a representative of two Italian companies: one of them wanted to build a railroad between Virpazar and Antivari/Bar, and

\begin{footnotesize}
\begin{enumerate}
\item[\textsuperscript{164}] Ibid.
\item[\textsuperscript{165}] Ibid, 152–153.
\item[\textsuperscript{166}] Ibid, 157.
\end{enumerate}
\end{footnotesize}
the other had a tobacco business in Montenegro prior to the First World War. His aim was to find a solution in negotiations with the Government in Belgrade for the compensation of damage made during the war. With the help of the Italian representatives in Belgrade, della Staffa succeeded in organizing a spying service around the French Legation in Belgrade, having even canvassed a typist of the French attaché for economic affairs. After a fight with one French diplomat on a street in Belgrade, della Staffa was arrested and then deported from Yugoslavia. However, worried that this affair would outgrow into a French-Italian incident, and because of a pressure made by Italian companies represented by della Staffa, he was allowed to come back to Belgrade. It was an example of a tense situation in the Yugoslavia-Italy-France triangle, which influenced economic relations.

However, Albania remained one of main hotspots in Yugoslav-Italian economic relations. Italian economic domination in Albania could be measured by Albanian foreign trade, in which Italy continued to be the best partner. However, Yugoslavia constantly increased its trade exchange with Albania, and from 1924 to 1929 it managed to raise the effective value of its exports to Albania six times. On the eve of the Second World War, Italy doubled its exports to Albania and significantly increased its imports from Albania. Nevertheless, the trade exchange with Albania, based on its size and volume, did not have much of an impact on the Italian economy. The Albanian share of Italian exports and imports was lower than 1% of total Italian trade exchange. Therefore, Italian endeavors in the Albanian market were not motivated by economic interests, but rather by a desire for a political domination there, maintaining a bridgehead to other Balkan countries.

Italy covered 20,52% of all Yugoslav imports in 1924, while in 1929 it was only 10,84%. On the other hand, Yugoslav exports to Italy decreased from 28,91% in 1924 to 24,88% in 1929. The fall of Yugoslav imports from Italy, which was mostly textile and textile products,

---

169 Ibid, 213.
might have been caused by a significant development of the Yugoslav textile industry in that period.\textsuperscript{171} Italian exports to the Kingdom of SCS in 1927 was only 2% of all Italian exports. Therefore, there was an estimate in the Ministry of Foreign Affairs in Belgrade that, in case of complete cessation of the turnover between the two countries, some 25% of Yugoslav exporter would suffer losses and only 2% of Italian tradesmen.\textsuperscript{172}

Summarizing Yugoslav-Italian trade exchange in 1929, Yugoslav officials concluded that Italy was on the first place in Yugoslav exports and on the fourth place in Yugoslav imports. Italy was importing from Yugoslavia basic commodities for food production and raw materials for industrial production. Bearing in mind that Italian population was increasing by 400,000 annually, Belgrade was optimistic regarding the future of Yugoslav exports to Italy. They also noticed that Italy was buying goods in Yugoslavia and then exporting them to other countries. Italian businessmen, being familiar with markets in other countries and using the fact that Italy had signed trade agreements with them, were acting as mediators, buying in Yugoslavia and selling abroad. Also, they were buying merchandise in Yugoslavia for Italian market, but exporting the same goods, produced in Italy and of higher quality, to other countries. Therefore, Yugoslav tradesmen were criticized. They often were not familiar with a market, rarely went to Italian fairs and did not use information from Yugoslav consulates.\textsuperscript{173}

*  

Italy and South Slavic states and provinces maintained economic relations in late 19\textsuperscript{th} and early 20\textsuperscript{th} century, although the trade exchange between them was low. Italian economic analysis after the First World War showed great possibilities of mutual economic cooperation. Unsolved political problems, particularly the question of borders, impeded economic relations in its full capacity. However, mutual interests were also strong, and during the 1920s Italy and Yugoslavia

\textsuperscript{172} AJ, 334(KPO), 402–1298.  
\textsuperscript{173} Ibid.
retained dynamic economic relations, especially in trade. All agreements signed between them in that period contained certain stipulations related to economic affairs, but the most important document was the Agreement on Trade and Navigation signed in 1924. Negotiations already started in 1919, and the two countries finally agreed on full freedom of commerce and navigation between them. Various statistics on the Yugoslav-Italian trade exchange show a great importance these countries placed on their foreign trade systems. Italy remained in the first place in Yugoslav exports for years, and it was between first and fourth place in Yugoslav imports. In 1926, a decrease in Yugoslav imports from Italy was evident, caused by glut in the Yugoslav market with Italian goods, foreign competition, and the revaluation of lira, which made Italian exports dearer, i.e. more expensive. It is quite evident that interest in maintaining good economic relations between Yugoslavia and Italy was mutual, although the Yugoslav State was more interested in these relations, bearing in mind that an eventual deterioration would affect it more than Italy.

c) Main Goods of the Yugoslav-Italian Trade Exchange

Italy was a substantial buyer of Yugoslav wood and wooden products, and already by 1919, 25–30% of all wood imported to Italy was from Yugoslavia. Italians estimated that the Kingdom of SCS was capable of exporting up to 4 million cubic meters. However, exports of Yugoslav wood to Italy faced difficulties, and some businessmen who asked for permission were not allowed to do so. This was partially caused by technical reasons, but the state policy in this field, particularly during negotiations with Italy regarding Dalmatia and borders, should not be neglected as a possible reason. However, mutual interest was evident, and already by February 1919, a tradesman from Zagreb Antonopulo Tedeschi asked for a permission to export timber to Italy in compensation for soap from an Italian company in Trieste. Another firm from Zagreb “Braća Janeković” asked in March 1919 for a permission to export 2,950 cubic meters of timber to Italy, but they were only allowed to export far less. A tradesman from Belgrade

---

Tihomir Mihajlović, in March 1919, found customers in Milano and Venezia for 200 wagons of timber, but he did not get permission from the Yugoslav Central Directorate for the Foreign Trade, to export it. In the same month, “Braća Čulić” from Spalato/Split were denied permission to export 200 wagons of timber to Italy, where they previously found buyers. “Giuseppe Feltrinelli & Co.” from Sarajevo sent a request in April 1919 for the exportation of 1.100 cubic meters of wood from Bosnia to Italy, but they were allowed to export only a half, leading to a complaint. Yugoslav authorities did not allow “Jela” from Sarajevo to export to Italy 300 wagons of deals in compensation for rice, coffee and pasta. However, another company from Sarajevo received permission to export to Italy 160 cubic meters of timber in compensation for 800 quintals of rice. Tradesman Ivan Šutej was not allowed to export 500 kg of planks to Italy, who wanted to trade it for sulfur and olive oil.

In July 1919, Yugoslav authorities allowed businessman Vid Gluščević to export 75 wagons of timber to Southern Italy and “Pavelić i drug” to export 50 wagons. A Bosnian company exported to Italy 2.000 cubic meters of wood, for the equivalent in coffee, rice, oil and pasta. In early September 1919, a tradesman from Sarajevo Mihajlo Čavić exported to Italy five wagons of timber. “Giuseppe Samarelli” from Molfetta imported to the Kingdom of SCS 100.000 pieces of brick, as compensation for 10 wagons of wood, which they received from “Marin Bettiza i sin” from Spalato/Split.

Indeed, construction timber was the most important individual component of Yugoslav exports, not only in those first years after the First World War, but during the entire interwar period (1918–1941), accounting for approximately 15% of total Yugoslav exports. Italy, together with Germany and Great Britain, became the main market. Main competition to Yugoslav exporters of wood to Italy were those from Romania, Czechoslovakia, Poland, Austria, Sweden, Finland and the Soviet Union.

177 AJ, 77, 24–64.
183 Jozo Tomasevich, Foreign Economic Relations 1918–1941, 176.
On the 17th of September 1919, the Italian Government was informed that some French companies wanted to overtake the main wood business in Bosnia. Already in early October 1919, the Italian Government became aware of a prohibition made by the Yugoslav Government on exports of wood from Bosnia. Some Italian companies were affected, including “Giuseppe Feltrinelli” which agreed to a two-decade long contract in 1911 in order to exploit wood from Bosnia until 1931. This company had built a huge sawmill and a few kilometers of railroads in Bosnia, but the Yugoslav authorities allowed them only to cut and to process, but not to export. The Italian envoy wrote to Rome on the 14th of November 1919 that he received from the Yugoslav Government an explanation in which such a ban had been enacted which endeavored for the standardization of wood quality. A company “Buttazzoni e Venturini”, which annual production was 40,000 cubic meters, was also affected. Bearing in mind that the first years after the war were the most turbulent period in the Yugoslav-Italian political relations, some political background in those endeavors could be noticed, especially because France was the most important protector of the Kingdom of SCS.

According to the Italian analysis in 1920, Yugoslavia had 9,250,000 hectares of forest (2.5 million of beech and 850,000 of oak). The report stressed the quality and the plenitude of wood in Serbia and Bosnia. It evaluated all production of timber at 12,000,000 of cubic meters and they estimated that the Kingdom of SCS could export 4,130,000 of cubic meters a total value of a billion and half of dinars. Generally, exports of wood and timber covered around a half of all Yugoslav exports. In Yugoslavia there were 310 companies for wood exploitation, 46 in Zagreb alone. The total value of forests in the Kingdom of SCS was estimated at 60 billion dinars.

One of the companies, “Šalomon Trajhart” from Senta, asked permission in April 1920 to export to Italy five wagons of wood at a total value of 100,000 dinars. In the same month Tobias Hauer, also from

185 ASDMAE, AC, b. 165, p. 3–4.
186 ASDMAE, AC, b. 167, p. 23–4.
187 ASDMAE, AC, b. 165, p. 3–4.
188 ASDMAE, AC, b. 167, p. 23–4.
189 AJ, 77, 24–64.
Senta, who was in the business of producing wicker baskets, received permission to export 25,000 pieces. In the 1920s, the Italian company “Berti” imported Yugoslav firewood, with average annual imports of 1,000 – 1,500 wagons.

The international exposition of wood products and industrial engines took place in Milano from the 12th to the 27th of April 1926, followed by the International Forest Congress in Rome from the 29th April to the 5th of May 1926. The Yugoslav Ministry of Forestry and Mining sent its representatives to both events, but they were surprised that Yugoslav tradesmen and industrialists, involved in that businesses, did not show much interest in participating, despite being previously informed.

According to analysis conducted by the General Directorate of Customs in Belgrade, from 1920 to 1928 Yugoslavia exported 12,604,075 tons of wood and wooden materials in total value of 11,462 million dinars. On average, those exports accounted for 42% of weight and 20% of the total value of Yugoslav exports. The most important customer was Italy, which continued buying over a half of exported Yugoslav wood, either on weight, or on value. However, Italy also acted as a mediator between the Kingdom of SCS and Mediterranean countries, especially with Spain, with which Yugoslavia did not have a trade agreement. In order to avoid paying of taxes on merchandise from countries with weaker currency, including Yugoslavia, wood exported from Yugoslavia went to Spanish market as goods of Italian origin. In 1929, the total sum of Yugoslav wood exported to Italy was around 900 million dinars, almost half the total of Yugoslav exports to Italy. After Yugoslavia (714,880 tons of timber), Austria followed (627,633 tons of timber), as stiff competition on Italian market of wood in 1929.

Italy sustained a food shortage and it was one of a number of European countries which did not produce enough food, forcing the need to import it. Some Western European countries, including Italy, demanded agricultural products from Eastern European countries,

---

190 AJ, 77, 28–76.
193 AJ, 81, 1–3.
194 Ivo Belin, Italo-jugoslovenski privredni odnosi, 252.
including Yugoslavia, and they were paying for it with the exports of industrial products.\textsuperscript{196} An Italian estimate showed that an average Italian required 158 kilograms of wheat yearly and that, probably, an average Yugoslav required the same amount. But, that did not make it easier to evaluate how much of the Yugoslav wheat remained for export. However, they estimated around 350,000 – 400,000 tons annually, of which 150,000 – 200,000 tons of maize.\textsuperscript{197} Already in August 1919, two tradesmen from Sarajevo, Jovanović and Srškić, received a permission to export 500 wagons of maize and 500 wagons of wheat to Italy.\textsuperscript{198} However, in April 1921, there was in effect a prohibition on exports of all kind of grain (wheat, maize, rye, barley and oats) in Yugoslavia.\textsuperscript{199} According to Italian documents, the Kingdom of SCS imported wheat from Romania and maize from Argentina in 1921. In the Italian Legation in Belgrade, they held the information that there were 1,000 of quintals of wheat from Puglia in the port of Spalato/Split, and that five Italian exporters wanted to enter in Yugoslavia:

- Maggio Fratelli from Molfetta (550 quintals)
- Camporeale from Molfetta (170 quintals)
- Giorgio Calina from Bari (130 quintals)
- Giorgio Cillis from Biscoglie (120 quintals)
- Domenico Milillo from Molfetta (35 quintals)

In the report, it was cynically noted that the Yugoslav press had been writing about Italian dependence on Yugoslav wheat, saying that Italy could not feed itself without Yugoslavia, but now there was evidence of Yugoslav imports of Italian wheat.\textsuperscript{200} They wrote to Rome again on the 15\textsuperscript{th} of January 1923 that, unlike a common opinion in Italy, the Yugoslav state did not produce enough wheat for its own needs. As a proof of such an assertion, they argued that Yugoslavia imported from Italy (Puglia and Venezia Gulia) through the port of Spalato/Split around 5,000 quintals of wheat and maize, in one year.\textsuperscript{201} Undoubtedly, this observation was an overstatement, bearing in mind that the amount

\textsuperscript{196} Mijo Mirković, \textit{Ekonomski istorija Jugoslavije}, 343.
\textsuperscript{197} ASDMAE, AC, b. 165, p. 3–4.
\textsuperscript{198} AJ, 77, 39–107.
\textsuperscript{199} AJ, 65, 242–734.
\textsuperscript{200} ASDMAE, AC, b. 167, p. 23–4.
\textsuperscript{201} ACS, MT–DGT, UVCTP, el. 12, f. 1.
of wheat exported from Yugoslavia to Italy was much larger than the amount imported from Italy to Yugoslavia. In 1921, 1923, and 1928, Italy had to import almost 28,000,000 quintals of wheat, i.e. around 40% of national need. However, in December 1923, the Italian Consulate in Sarajevo sent another letter to the Economic Department of the Ministry of Foreign Affairs. They wrote about opposition in the Yugoslav Government to a ban on imports of wheat and other grain to the Kingdom of SCS. Allegedly, somebody in the Yugoslav Government noticed that their milling industry was underdeveloped and could not even cover domestic needs.

However, “L’Associazione Granaria Italiana” in Milano had information in 1924 about favorable conditions for the purchase of wheat from Yugoslavia. Italy continued to import grain from Yugoslavia, despite the new policy in that field, called “the battle of wheat”. Its aim was to reach a sustainable supply of grain through an increase in yield per hectare, rather than to expand the arable surface.

Yugoslav wheat reached its highest price in 1925. But, Bodrero, the Italian envoy in Belgrade, wrote to Rome on the 17th of August 1925 that the Yugoslav Government decided to call off all sales taxes on exports of grain, due to an extremely fertile year, and starting from the 1st of December 1925, it would be possible to import the Yugoslav grain without paying sales tax and without quantitative limitation. On the 12th of September 1928, the Italian Government increased custom tariffs on wheat, aiming to protect its domestic production. It was estimated that Yugoslav exports of wheat from 1921 to 1929 had been less than 10% of total Yugoslav production of wheat in that period. All countries in the Danube region faced a serious drop in prices of wheat in spring 1929.

---

202 Salvatore La Francesca, *La politica economica del fascismo*, 36.
204 ASDMAE, AC, p. 4–6, s. 4–16.
207 ASDMAE, AC, p. 4–6, s. 4–16.
210 Ibid, 37.
As for other food products, in August 1919 tradesman Ljubomir Berić from Belgrade exported to Italy four wagons of beans.\textsuperscript{211} Next month, Ilija Lukić from Banja Luka exported 15 wagons of potato to Italy.\textsuperscript{212} However, already in November 1919, a request from Nikola Blagović from Žumberak, to export to Italy 10 wagons of potato, was refused, with an explanation that such an export was forbidden by Italian authorities.\textsuperscript{213} Such a decision particularly affected Slovene exporters, and only in the region of Kranj exporters lost 50 wagons of potato by October 1923.\textsuperscript{214} Prior to that ban, tens of wagons were annually exported from Slovene provinces to Italy, and the Yugoslav Ministry of Foreign Affairs sent a letter to the Yugoslav Legation in Rome in November 1923, demanding to undertake all necessary measures regarding that prohibition. In January 1924, the answer arrived in Belgrade, in which Yugoslav representatives in Rome wrote about their activities with the Italian Government on this issue. It was explained that the Italians prohibited the importation of potatoes from abroad on the 21\textsuperscript{st} of February 1921, due to phythopathological reasons. Economic protectionism was not the cause, but the preventing of Italian potato disease, and Yugoslavia could not be privileged. A more severe problem was that on the 7\textsuperscript{th} of February 1924, the Italians even prohibited the transit of Yugoslav potatoes through Trieste to France, Great Britain and Greece, ruining hundreds of wagons of potato.\textsuperscript{215}

During 1919, Yugoslavs exported other food products to Italy. Thus, a company from Spalato/Split exported 300 kg of onion and 100 kg of cabbage to Italy. From the same town, businessman Petar Petrić exported to Trieste two wagons of dry cherries, while Ivan Pavišić exported there 150 quintals of the same fruits.\textsuperscript{216} Josip Kalanj exported 2,500 kg of coffee to Italy.\textsuperscript{217}

Another important commodity in Yugoslav-Italian trade was livestock, meat and meat products. In August 1919, industrialist from the Serbian town of Jagodina, P. J. Klefiš, asked for permission

\begin{itemize}
\item \textsuperscript{211} AJ, 77, 18–46.
\item \textsuperscript{212} AJ, 77, 17–43.
\item \textsuperscript{213} AJ, 77, 18–46.
\item \textsuperscript{214} AJ, 65, 7–63.
\item \textsuperscript{215} AJ, 373, 2–4.
\item \textsuperscript{216} AJ, 77, 104–265.
\item \textsuperscript{217} AJ, 77, 23–59.
\end{itemize}
to export 5,000 swines to Italy, but he failed to provide all necessary
documentation.\textsuperscript{218} Nikola Fakać from Spalato/Split exported 18,000
pieces of sheep leather to Trieste, a total weight of 13,000 kg.\textsuperscript{219} In
September 1919, two traders from Spalato/Split Vicko Pivčević and
Ivan Popović wanted to export to Italy 200 horses from Slavonia, but
they were not allowed.\textsuperscript{220} Yugoslav authorities approved the Ljubljana
company “Impex” to export 2,000 sheep to Italy in October 1919,
in exchange for Italian textiles. They also exported 50 wagons of eggs
from Northern Serbia.\textsuperscript{221} In terms of eggs, Italy imported annually, and
in 1929, the total value of Yugoslav eggs exported to Italy was around
135 million dinars.\textsuperscript{222} In autumn, another company from Ljubljana
asked for a permission to export 1,000 of cows to Italy.\textsuperscript{223} On the 9\textsuperscript{th}
of February 1921, Luigi Peschiera, from the company “Stefano Peschiera”
from Genova, informed the Ministry of Finance in Belgrade about their
request to import 10,000 cows and 10,000 swines to Italy. Actually,
they pleaded with the Ministry of Finance to carry out their business
without paying an export tax of 2,250 dinars for each cow and 900
dinars for each swine.\textsuperscript{224}

Throughout February 1921, the Economic Department of the
Ministry of Foreign Affairs in Rome received requests from a few
companies, asking to improve the conditions of cattle imports from
Yugoslavia, because the shortage on the Italian market was evident, and
frozen meat from the United States of America was imported. Italian
traders reckoned that it would be much better to import livestock
from the Kingdom of SCS, not only for slaughter, but also for breeding.
They requested that the Yugoslav export tax for each cow should be
decreased from 2,250 to 750 dinars. In March 1921, the Yugoslav
Government decided to reduce the sales tax for exports of cattle and
swines, and the new rates were as follows:

1. For a cow heavier than 500 kilograms = 500 dinars per head,
2. For a cow lighter than 500 kilograms = 300 dinars per head, and

\textsuperscript{218} AJ, 77, 22–55.
\textsuperscript{219} AJ, 77, 104–265.
\textsuperscript{220} Ibid.
\textsuperscript{221} AJ, 77, 22–55.
\textsuperscript{222} Ivo Belin, \textit{Italo-jugoslovenski privredni odnosi}, 252.
\textsuperscript{223} AJ, 77, 22–55.
\textsuperscript{224} ASDMAE, AC, b. 168, p. 23–13.
3. For a swine = 300 dinars per head.\textsuperscript{225}

The Yugoslav Government judged that keeping old tariffs would endanger its exports in Italy. Only pure interest and not sentiment, led it to such a decision. The company “Luigi Peschiera” sent a letter to the Economic Department in Rome on the 15\textsuperscript{th} of April 1921 in which they expressed their gratitude. They knew that the activities of that department affected the decision of Yugoslav authorities, so that “Luigi Peschiera” could finish their business plans. However, they pointed out that instead of the 500-dinar tax, the 750-dinar tax applied, which was not an insignificant difference. They also stressed that the Italians raised their tax by 20\%. This may be reason for raising the prices of meat and meat products in the Italian market.\textsuperscript{226}

In April 1921, around 100 Croats organized demonstrations in Sebenico/Šibenik, with the intention of preventing cows to board an Italian ship. They protested such activity, not because of exports to Italy, but because they previously noticed the difference between cattle for export and those for the domestic market: while the former was fat and healthy, the later was thin, poor and expensive. One of those exporters from Sebenico/Šibenik was Mate Živković, who exported 500 oxen and 1,000 sheep in July 1921.\textsuperscript{227}

In October 1921, due to the appearance of foot-rot disease in Yugoslav livestock, Italians forbade those imports into Italy. However, the inspector of the General Directorate of Customs in Ljubljana expressed his suspicion that the disease was the reason for such a decision. He thought that the Italian Government wanted to have some kind of monopoly, with the hidden intention to create a network of agents, who would be allowed to export cattle to Italy, but also to work for Italian interests. Italian authorities also decided that all Yugoslav livestock had to be imported to Italy through Trieste or Ancona.\textsuperscript{228} In late October 1921, the Yugoslav envoy in Rome, Antonijević, requested competent Italian authorities to urge that the livestock imported there from Yugoslavia and kept in wagons in Milano, were delivered to importers in Trieste, after paying Yugoslav exporters. However, this

\textsuperscript{225} Ibid.
\textsuperscript{226} Ibid.
\textsuperscript{227} AJ, 65, 242–734.
\textsuperscript{228} Ibid.
problem remained unsolved even during November. Although Italian authorities considered as valid original certificates, which they received from veterinary offices in Yugoslavia, some cattle were slaughtered in Italian ports and on Italian land borders. A German newspaper published an article in which they deny any disease in Yugoslavia, what Italians took as a reason to impede imports on Yugoslav cattle, and in which they insisted on the political background of such a dispute.\textsuperscript{229} At the end of 1921, the problem remained. While poultry, beef and pork meat were allowed for export from Yugoslavia to Italy, cattle could be exported only under special control.\textsuperscript{230}

According to a report from the Yugoslav consulate general in Trieste, the Kingdom of SCS continued to play an important role in supplying the Italian market with cattle, alive and slaughtered, as well as with fresh meat.

Table 16: Yugoslav exports of livestock and meat to Italy (1921–1923)

<table>
<thead>
<tr>
<th>Year</th>
<th>Alive cattle (heads)</th>
<th>Slaughtered cattle (heads)</th>
<th>Fresh meat (kilograms)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In total</td>
<td>To Italy</td>
<td>In total</td>
</tr>
<tr>
<td>1921</td>
<td>108,214</td>
<td>85,015</td>
<td>2,498</td>
</tr>
<tr>
<td>1922</td>
<td>105,385</td>
<td>61,072</td>
<td>n/a</td>
</tr>
<tr>
<td>1923</td>
<td>206,513</td>
<td>91,929</td>
<td>n/a</td>
</tr>
</tbody>
</table>


It is evident that in 1921 and 1922 almost 2/3 of all Yugoslav exports of these goods went to Italy, while in 1923 those types of exports decreased, particularly in fresh meat, due to an increase in export to Austria. However, in the early 1920s, the Kingdom of SCS became the most important exporter of livestock to Italy, far ahead other countries, as evident in Table 17. Yugoslavia also remained the most significant exporter of fresh and frozen meat to Italy among European countries, but far behind non-European states, especially South American countries (table 18). The usage of frozen meat spread throughout Italy during the First World War, and exports increased from South America through the ports of Napoli and Genova.

\textsuperscript{229} ASDMAE, AC, b. 168, p. 23–13.
\textsuperscript{230} AJ, 65, 242–734.
Table 17: Main exporters of livestock (in heads) to Italy (1922–1924)

<table>
<thead>
<tr>
<th>Country</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yugoslavia</td>
<td>45.126</td>
<td>68.826</td>
<td>63.789</td>
</tr>
<tr>
<td>Germany (including reparations)</td>
<td>12.914</td>
<td>10.453</td>
<td>n/a</td>
</tr>
<tr>
<td>Denmark</td>
<td>11.370</td>
<td>2.985</td>
<td>1.671</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10.569</td>
<td>9.575</td>
<td>3.091</td>
</tr>
<tr>
<td>Tunisia</td>
<td>10.984</td>
<td>6.718</td>
<td>502</td>
</tr>
<tr>
<td>Austria</td>
<td>2.785</td>
<td>8.911</td>
<td>6.571</td>
</tr>
<tr>
<td>France</td>
<td>553</td>
<td>16.763</td>
<td>110</td>
</tr>
<tr>
<td>Hungary (including reparations)</td>
<td>3.888</td>
<td>3.137</td>
<td>n/a</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.254</td>
<td>3.210</td>
<td>449</td>
</tr>
<tr>
<td>Other countries</td>
<td>3.532</td>
<td>3.470</td>
<td>10.996</td>
</tr>
</tbody>
</table>


Table 18: Main exporters of fresh and frozen meat (in quintals) to Italy (1922–1924)

<table>
<thead>
<tr>
<th>Country</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>51.624</td>
<td>17.594</td>
<td>557.309</td>
</tr>
<tr>
<td>Brazil</td>
<td>71.037</td>
<td>182.971</td>
<td>200.267</td>
</tr>
<tr>
<td>Uruguay</td>
<td>n/a</td>
<td>n/a</td>
<td>104.338</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>65.243</td>
<td>15.172</td>
<td>17.369</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>349</td>
<td>5.910</td>
<td>30.324</td>
</tr>
<tr>
<td>Hungary</td>
<td>34.624</td>
<td>332</td>
<td>n/a</td>
</tr>
<tr>
<td>Venezuela</td>
<td>8.498</td>
<td>2.994</td>
<td>n/a</td>
</tr>
<tr>
<td>Other countries</td>
<td>8.457</td>
<td>1.464</td>
<td>74.343</td>
</tr>
</tbody>
</table>


The author(s) of the report from the Yugoslav Consulate General in Trieste noticed that those changes should not leave Yugoslav exporters indifferent, because exports of livestock, fresh and frozen meat were one of the most valuable sources of income in the Yugoslav
economy, and the competition from South America which was evident in Italy, could easily become a problem for Yugoslav exports to Austria and Czechoslovakia.  

Yugoslav general exports rose in 1924, in comparison with 1923, but the exports of livestock decreased, at least comparing December 1923 and December 1924 (table 19).

Table 19: Yugoslav exports of livestock

<table>
<thead>
<tr>
<th>Commodity</th>
<th>December 1923</th>
<th>December 1924</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horses</td>
<td>3.761 heads</td>
<td>2.841 heads</td>
</tr>
<tr>
<td>Large cattle</td>
<td>14.187 heads</td>
<td>7.635 heads</td>
</tr>
<tr>
<td>Small cattle</td>
<td>11.395 heads</td>
<td>5.514 heads</td>
</tr>
<tr>
<td>Swines</td>
<td>62.996 heads</td>
<td>57.216 heads</td>
</tr>
</tbody>
</table>

ASDMAE, AC, p. 4–6, s. 4–15.

In 1929, Italy imported 143.694 heads of cattle from France, 66.191 from Yugoslavia, 29.937 from the Netherlands, etc. The Consular-Economic Department of the Ministry of Foreign Affairs in Belgrade considered possibilities of stimulus to Yugoslav exports of cattle to Italy. They had an idea on founding an association which would gather all Yugoslav exporters, as well as an association in Milano which would gather all Italian importers of livestock. The association in Milano would take care of placement, control and sale of Yugoslav cattle in Italy. In 1929, Italy imported 26.000 swines in the value of 17 million liras, of which 13.050 swines from Yugoslavia in the value of 7 million liras. The main importers were from Milano, especially “S. A. Marelli & Marcora”. The Yugoslav State was also the main exporter of poultry on Italian market. Out of 32.560 quintals of poultry imported to Italy, no less than 25.072 were from Yugoslavia, followed by Bulgaria (4.302 quintals) and Hungary (1.337 quintals). The same year, Italy imported 163.775 quintals of eggs, of which, more than one third, i.e. around 56.000 quintals, were bought in Yugoslavia.  

The Italian envoy in Belgrade, Bodrero, reported on the 24th of December 1924 that Vojvodina, and especially the town of Subotica,

---

231 Ibid.
was the main center of breeding and exporting horses to Italy. Besides Subotica, an important center was Stari Bečej, from where around 1,000 horses were exported each year. The main importers of Yugoslav horses, besides Italy, were: Austria, France, Greece, Czechoslovakia and Poland. They all imported horses for their armies and transport. The main exporters of horses from Northern Serbia were Mark Rosenfeld and Adolfo Hauser. Italians also imported horses from Croatia, Slavonia (especially from the town of Bjelovar, several hundred annually), Dalmatia (especially from the town of Senj, 500 heads yearly), and from various places in Bosnia, as Table 20 demonstrates.

Table 20: Italian imports of horses from Bosnia in 1923

<table>
<thead>
<tr>
<th>Town</th>
<th>Number of Horses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosanska Dubica</td>
<td>900 heads</td>
</tr>
<tr>
<td>Travnik</td>
<td>450 heads</td>
</tr>
<tr>
<td>Prijedor</td>
<td>305 heads</td>
</tr>
<tr>
<td>Derventa</td>
<td>250 heads</td>
</tr>
<tr>
<td>Banja Luka</td>
<td>172 heads</td>
</tr>
<tr>
<td><strong>Total from Bosnia</strong></td>
<td><strong>2,077 heads</strong></td>
</tr>
</tbody>
</table>

ASDMAE, AC, p. 10–15, s. 13.

In January 1928, an information from Rome arrived to the Ministry of Foreign Affairs in Belgrade, regarding Italian imports of Yugoslav horses. The Kingdom of SCS held the first place in this branch of Italian imports. Italy was importing light horses for riding, but after the First World War, it started to import heavy, strong and more expensive horses for army purposes and field works. Yugoslav exporters could not get in any other country a better price for horse exports than the one in Italy.233 In 1929, Italy imported 20,604 horses, of which 13,691 from Yugoslavia, 5,502 from Hungary, 786 from France, 101 from Poland, etc.234

In 1929, the value of exports of livestock and meat from Yugoslavia to Italy was around 250 million dinars.235

Although wood, grain, livestock and meat were the most important and the most valuable goods of Yugoslav exports to Italy, the Kingdom of SCS also exported a variety of other merchandise. In 1919, a tradesman from Ragusa/Dubrovnik, Guska, exported a large quantity of fish, but there is not a precise data about the exact amount.\(^{236}\) The Ljubljana company “Bolaffio & sinovi” exported to Italy three wagons of glass products in September 1919, where the buyer was “Distilleria parentina” in Parenzo.\(^{237}\) On the 8\(^{th}\) of December 1921, a confidential letter was sent from the General Civilian Commissariat of Venezia Giulia in Trieste to the Central Office for New Provinces in Rome. They wrote about the poor production of wine in this region during the period of Austrian-Hungarian rule prior to 1918, and about positive changes in that field over the previous few years. However, they also observed that Italy did not have a clear program regarding the exportation of wine from this region to Yugoslavia, while the Kingdom of SCS exported wine from Dalmatia to Italy.\(^{238}\) Wine was another important commodity in trade between the two countries.

The Trieste company “Fabricci & Figlio” bought on the 6\(^{th}\) of May 1922, 10 wagons of bottled mineral water (natural or carbonated) from Rogaška Slatina. However, when the first wagon reached the Italian border, customs authorities blocked its entrance, explaining that the exportation of mineral water from Yugoslavia to Italy was forbidden. The reason for the denial was the decision of Italian authorities in September 1919 to protect domestic production, but in Trieste they knew nothing about that decision. The Yugoslav Legation in Rome received a complaint from Rogaška Slatina, providing proof that 35-40% of all their production had been sold to Italy, especially in Venezia Giulia.\(^{239}\)

Italy also bought Yugoslav plums, but not as much as some other countries. In December 1923, the Italian Consulate in Sarajevo sent information to Rome and according to this document, from the 15\(^{th}\) of September to the 15\(^{th}\) of November 1923, in only two months, around 13 million kilograms of plums were exported from Yugoslavia, but

\(^{236}\) AJ, 77, 104–265.
\(^{238}\) ACS, PCM–UCNP, b. 62, e/50.
\(^{239}\) AJ, 373, 2–4.
mostly to Germany, Austria, and Czechoslovakia.\textsuperscript{240} In 1929, Yugoslavia exported beans to Italy at a total value of 62 million dinars.\textsuperscript{241}

A bed of stone was discovered near Spalato/Split in 1901, which contained components for producing the finest cement. Throughout the 1920s, Yugoslavia regularly exported cement to Italy, but the amount of exports gradually decreased, due to Italian custom tariffs, which were raised to 7.50 liras per quintal. Thus, in 1920, 1,200,000 quintals were exported to Italy, in 1921, 946,000 quintals, in 1922, 464,669 quintals, and in 1923, only 47,000 quintals.\textsuperscript{242} While the downfall of exports to Italy was evident, total Yugoslav exports of cement increased until 1925, and then in the following two years stagnation occurred, due to the increase in construction activities in the Kingdom of SCS. Nevertheless, Italy was among the most important customers, as Table 21 indicates. Table 22 shows the Yugoslav statistics of the main goods Yugoslavia exported to Italy, and their value, from 1920 to 1928.

Table 21: Yugoslav exports of cement in 1927

<table>
<thead>
<tr>
<th>Main customers</th>
<th>Kilograms</th>
<th>Value in dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>120,346,045</td>
<td>44,030,522</td>
</tr>
<tr>
<td>Italy</td>
<td>43,885,260</td>
<td>15,856,654</td>
</tr>
<tr>
<td>Greece</td>
<td>31,588,312</td>
<td>11,661,020</td>
</tr>
<tr>
<td>British India</td>
<td>21,884,760</td>
<td>7,842,606</td>
</tr>
<tr>
<td>Chile</td>
<td>19,837,005</td>
<td>7,646,106</td>
</tr>
<tr>
<td>France</td>
<td>14,133,670</td>
<td>5,648,789</td>
</tr>
</tbody>
</table>

AJ, 81, 1–3.

\textsuperscript{240} ASDMAE, AC, b. 167, p. 23–4.

\textsuperscript{241} Ivo Belin, \textit{Italo-jugoslovenski privredni odnosi}, 252.

\textsuperscript{242} AJ, 65, 243–736.
Table 22: Main goods of Yugoslav exports to Italy (1920–1928) in thousands of dinars

<table>
<thead>
<tr>
<th></th>
<th>1920</th>
<th>1921</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain</td>
<td>2.161</td>
<td>20.116</td>
<td>748</td>
<td>69.569</td>
<td>47.987</td>
<td>296.431</td>
<td>407.276</td>
<td>20.056</td>
<td>6.971</td>
</tr>
<tr>
<td>Animals</td>
<td>6.069</td>
<td>245.881</td>
<td>360.780</td>
<td>481.822</td>
<td>494.850</td>
<td>244.429</td>
<td>237.340</td>
<td>163.016</td>
<td>188.370</td>
</tr>
<tr>
<td>Milk and eggs</td>
<td>n/a</td>
<td>1.610</td>
<td>26.700</td>
<td>31.110</td>
<td>66.154</td>
<td>55.502</td>
<td>57.841</td>
<td>138.314</td>
<td>139.331</td>
</tr>
<tr>
<td>Meat and meat products</td>
<td>5.087</td>
<td>77.411</td>
<td>78.308</td>
<td>60.759</td>
<td>102.514</td>
<td>72.545</td>
<td>39.374</td>
<td>32.469</td>
<td>63.931</td>
</tr>
<tr>
<td>Wood</td>
<td>267.936</td>
<td>134.893</td>
<td>404.346</td>
<td>1.007.587</td>
<td>1.315.336</td>
<td>923.950</td>
<td>718.360</td>
<td>769.513</td>
<td>855.608</td>
</tr>
<tr>
<td>Soil and stone</td>
<td>22.038</td>
<td>36.189</td>
<td>24.575</td>
<td>33.697</td>
<td>32.671</td>
<td>53.144</td>
<td>39.041</td>
<td>43.753</td>
<td>31.219</td>
</tr>
</tbody>
</table>

As for Yugoslav imports from Italy, one can recognize diversity, especially in the years immediately after the war, due to the lack of practically most kinds of merchandise in the Yugoslav market. Thus, already in February 1919, the Ministry of Trade and Industry in Belgrade approved the tradesman Boško Zeljković from Bosanska Krupa the importation of two wagons of various fabric products, which he purchased in Italy.\(^{243}\) Although a variety of goods imported from Italy was evident, textile and textile products were among the most valuable. A company from Sarajevo imported a large quantity of textile from Italy in 1919, but the document did not state how much.\(^{244}\) In the same year, a cotton factory in Duga Resa, which employed 800 workers, imported 500 bales of Italian cotton.\(^{245}\)

\(^{244}\) AJ, 77, 98–248.
Alfred Carnelutti from Zagreb bought 12 barrels of olive oil in Italy from “Antonopulo Tedeschi & Co” in March 1919, and in May, he received permission to import it to Yugoslavia.246 “Hrvatsko dioničko društvo za promet živižem i robom” from Zagreb imported 5.500 kg of olive oil in tined pails during the spring of 1919, which they purchased from Ugo Saltara in Ancona.247 The same company imported 8.900 kg of coffee and five wagons of candles from Alfredo Capobianchi, also from Ancona.248 The tradesman Maxo Schönbaum from Križevci purchased in March 1919, and imported in May 1919, 7.500 pairs of shoes from Vittorio Coen in Napoli.249 During the spring of 1919, “Transportno i prometno društvo Špiljak – Markov” and Miroslav Korasić from Zagreb imported to the Kingdom of SCS 1.905 kg of textile products from Venezia, as well as 1.459 kg of haberdashery, 3.045 kg of rubber goods, 1.200 liters of Vermouth wine, and other merchandise.250 Norbert Weiss from Zagreb also traded with Italian companies in Venezia, and in April 1919, he imported 2.000 kg of rice, 2.100 kg of coffee, 1.000 kg of chocolate, and 20.000 kg of soap.251 In August 1919, the furniture factory “Bothe i Ehrmann d. d.” from Zagreb imported one wagon of material for producing upholstery from Italy.252 Another furniture factory in Zagreb, “Croatia”, imported one cargo vehicle valued at 30.000 liras, one automobile at 25.000 liras, and pneumatics and reserve parts at 5.000 liras. However, in line with the then regulations, those could be imported to the Kingdom of SCS only through two ports – Ragusa/Dubrovnik or Porto Narenta/Metković.253 The firm “Gustava Sochera nasljednici” purchased edible oil in Trieste.254

Besides firms from Zagreb, those from Belgrade also took advantage of trade with Italian companies. Thus, in May 1919, Čeda Dimitrijević imported various merchandise from Trieste,255 while

---

247 Ibid.
249 AJ, 77, 58–164.
Vitomir Simić and Stevan Jovanović imported three wagons (30.000 kg) of Italian rice. 256 Albin Gantar imported 20 wagons of fabric products in June 1919. 257 Savo Davidović, also from Belgrade, imported “Pirelli” pneumatics in September 1919. 258 In the same month, another company from Belgrade imported Italian leather for shoe making. 259 Djordje Jovanović wanted to import 10 wagons of Italian oranges in October 1920, but he was not allowed to, with an explanation that oranges were luxurious goods. 260

In summer 1919, Jovan S. Bošković, a tradesman from Veliki Bečkerek, imported haberdashery and manufacturing from Italy, 261 while three wagons of the same goods were imported to Vinkovci. 262 Svetozar Bodganović from Pančevo expressed interest in this merchandise, and imported three wagons, which he had purchased in Milano from Galeazzo di Gano, and in Genova from “Liguria”. 263 To renovate several hotels in Dalmatia, which served as hospitals during the war, several hundreds of pigments and oils, as well as 200 kg of carbonic acid for making ice, were imported from Italy. 264 “Impex” from Ljubljana was extremely active in business with Italian companies in the first couple of years after the war. Among other things, they imported 30 wagons of lubricant oil. 265 Franjo Hendrich, a stonemason from Osijek, imported three wagons of marble slabs in October 1919, which he bought from “Italo-Faggioni” in Carrari. 266 The brothers Lazarević, owners of a slaughterhouse and salami factory in Novi Sad with 120 employees, purchased one wagon of horse intestines for salami casings from G. Fracaro in Costelo, but Italian authorities blocked it at the border. The brothers Lazarević complained, but that problem was not solved until summer 1921. 267

259 AJ, 77, 29–79.
263 Ibid.
266 AJ, 77, 68–199.
The Italians recognized the army industry as another possibility for improving their exports to the Kingdom of SCS. The Italian military attaché in Belgrade suggested on the 28th of February 1921 to organize a visit of Yugoslav officials to Italy, especially to the Italian army industry. Ludovico Luciolli, a president of the Italian delegation for the economic agreement with Yugoslavia, responded on the 6th of April 1921 that he would entertain such an initiative.\textsuperscript{268} That visit would impress Yugoslav officials with what they would see in Italian fabrics, motivate them to order some products, and thus make it easier for the Italian economic penetration of Yugoslavia. However, it is unknown if this visit ever occurred.

The Sicilian Institute for the Disabled ex-Service Men (“L’Istituto Siciliano pro-Mutelati e Storpi di Guerra”), with the headquarters in Palermo, contacted Luciolli in February 1922. They asked information regarding the possibility of exporting orthopedic aids to Yugoslavia, which would help in developing the Sicilian economy, but also in enhancing economic relations between the Kingdom of Italy and the Kingdom of SCS.\textsuperscript{269}

The Chamber of Commerce and Industry in Brescia informed the Italian Government on the 13th of May 1922 that an important firm from the Province of Brescia “La Manifatture Tessili Luigi Rossi di Concesio” entered the Yugoslav market after the war. In the beginning, they made serious studies of the market and the sales predictions, and started with promoting their products, in particular “Bourrette” cloth, which they actually bought from another firm in the same province – “Fermo Coduri & C.” However, their exports of this fabric to Yugoslavia was endangered, due to the Yugoslav estimate that it contained a silk, and thus was a “luxurious” product. However, the estimate of Yugoslav customs authorities was completely wrong, because “Bourrette” yarn did not contain silk, and thus the firm was damaged. They appealed on Italian authorities to redress such a mistake. In the late May, they also wrote to Yugoslav authorities.\textsuperscript{270}

The Directorate of Customs in Verona was contacted by the Chamber of Commerce and Industry in Brescia in early September

\textsuperscript{268} ASDMAE, AC, b. 168, p. 23–11.
\textsuperscript{269} ASDMAE, AC, b. 167, p. 23–4.
\textsuperscript{270} ASDMAE, AC, b. 167, p. 23–4.
1921, hoping to influence the Economic Department of the Ministry of Foreign Affairs in Rome, in order to speed up the solution of that case and to improve the Yugoslav customs treatment of the goods. Obviously, they were very interested in a positive resolution of that particular problem, due to significant income which was achieved in the Yugoslav market. From the same Chamber a letter was sent to the Ministry of Finance and to the General Directorate of Customs on the 9th of October 1922, because the expertly analysis of “Bourrette” had not been finished yet. Finally, a few days later, the chemical analysis showed that “Bourrette” was made of the material which was a by-product of silk or silk waste (“tessuto di cascami di seta”).

The Chamber of Commerce and Industry in the province of Cuneo wrote to the Yugoslav Legation in Rome on the 23rd of December 1923, asking for information on the requested documents for exportation of artificial and mixed fat, bearing in mind that one of the companies from that province wanted to export it to Dalmatia. The answer arrived in late January 1924: they had to provide an original receipt and certificate on the origin of goods. However, it was unknown if this transaction later happened.

In early February 1925, the Economic Department of the Yugoslav Ministry of Foreign Affairs sent a letter to the Yugoslav Legation in Rome. Namely, “Indus d.d.” for manufacturing and remodeling leather, with a seat in Ljubljana, complained to Yugoslav authorities about the problems they had with their supplier Michelangelo Paoli from Firenze. Their supplier gave up on delivery of 2,000 pieces of oxen leather from Toscana, which they used for making shoes for soldiers. The Yugoslav Legation intervened with the Italian authorities, and received a response in June 1925, with an explanation that there were no limitations on Italian exports of leather.

The Yugoslav Ministry of Agriculture and Waters approved, on the 29th of October 1925, the acquisition of donkeys from Italy at a total value of 400,000 dinars, of which 2/3 would be imported to Yugoslavia through Thessalonica and sent to Southern Serbia. However, on the 31st of December 1925 the Yugoslav Legation in Rome sent a letter

271 Ibid.
272 Ibid.
274 Ibid.
to Belgrade, with information regarding the Italian prohibition on exports of donkeys to the Kingdom of SCS. After the intervention of the Yugoslav Ministry of Foreign Affairs, a portion of the planned transport was allowed to enter Yugoslavia. However, on the 21st of January 1926, the Italians finally forbade those types of exports, upon suggestion from the Ministry of War.275

The Italian envoy in Belgrade wrote to Rome on the 15th of March 1926 that Italian textiles were still the most imported to Yugoslavia, although a slight decrease was evident, caused by an increase in imported Czechoslovakian textiles, and by growth in domestic production.276

As for Yugoslav imports of Italian goods, it should be especially noted that Italian products placed much respect on the Yugoslav royal residence. The King and the Queen, and their courtiers, often purchased certain merchandise from Italy, and usually over the Consulate General in Trieste. Thus, in February 1925, they ordered 100 kg of walnut wood from Italy, in May, they bought two cases of bronze products, in July, bells were bought from Francesco de Poli from Treviso, in September, 26 parts for elevator were purchased, as well as wagon of roofing tile in November. In December 1925, a typewriter and 170 kg of oranges were bought in Italy for the personal usage of the King Aleksandar I Karadjordjević and his wife. During 1926, two boxes of pictures, 62 kg of vegetables, a “Fiat 509” automobile, and two trunks of wine were purchased in Italy, all for personal usage of the King and the Queen. In January 1927, the royal palace bought a thousand of carnations and a hundred of roses from Genova, wooden table from Firenze in March, 138 liters of wine in April, 93 kg of cloths and two cases of various goods in August. The next year, 100 meters of blue fabrics were ordered from “G. Rivetti & Figli”, and in 1929 engines from “Morini & Bossi”.277

Statistics in Table 23 displays the main goods of Yugoslav imports from Italy from 1920 to 1928, and their values.

275 Ibid.
276 ASDMAE, AC, p. 4–6, s. 4–15.
277 AJ, 74, 311–453.
**Table 23: Main goods of Yugoslav imports from Italy (1920–1928)**
in thousands of dinars

<table>
<thead>
<tr>
<th></th>
<th>1920</th>
<th>1921</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>15.721</td>
<td>21.021</td>
<td>68.804</td>
<td>67.125</td>
<td>102.439</td>
<td>101.327</td>
<td>107.119</td>
<td>113.204</td>
<td>115.499</td>
</tr>
<tr>
<td>Citrus fruits</td>
<td>12.447</td>
<td>23.643</td>
<td>23.079</td>
<td>32.859</td>
<td>31.947</td>
<td>43.043</td>
<td>40.848</td>
<td>40.095</td>
<td>51.945</td>
</tr>
<tr>
<td>Cotton</td>
<td>854.340</td>
<td>433.805</td>
<td>455.182</td>
<td>766.574</td>
<td>788.090</td>
<td>674.676</td>
<td>394.738</td>
<td>369.791</td>
<td>375.638</td>
</tr>
<tr>
<td>Wool</td>
<td>74.287</td>
<td>82.766</td>
<td>146.526</td>
<td>189.301</td>
<td>190.068</td>
<td>145.331</td>
<td>79.014</td>
<td>41.116</td>
<td>31.209</td>
</tr>
</tbody>
</table>

*Privredni almanah Jugoslovenskog Lloyda.*

Yugoslavia exported wood and wooden products to Italy in large quantities, especially construction timber, which was the most important individual article of the Yugoslav exports. Also, the Yugoslav exportation of grain, livestock, meat and meat products to Italy made that market extremely significant for the Yugoslav economy. On the other hand, Yugoslavia imported a great number of Italian textile products, cotton, hemp, flax, wool and leather, as well as various industrial and fabric products. Italian goods were also much appreciated in the Yugoslav royal residence. Many tradesmen and companies participated in Yugoslav-Italian trade, as exporters, importers, or both.

d) Traffic, Transport and Customs Service

During the summer of 1919, information arrived in Belgrade regarding Italian activities on the confiscation of trade ships in Dalmatia. However, it turned out that Italians requisitioned trade ships over 50
tons, in line with stipulations that had been previously agreed upon. However, in late September 1919, they received information that the Yugoslav ship “Bihać”, burdened in Ragusavecchia/Cavtat, was sold to Albania, without any permission from Yugoslav authorities. In November 1919, during the Peace Conference in Paris, there was an important question on the partition of Austrian-Hungarian merchant marine. Namely, in 1914 the Austrian-Hungarian Empire possessed a mercantile fleet of 340 ships, with 988,790 tons, the owners of which were mostly those companies which had their seat in Trieste (194 ships), Zara/Zadar (33 ships), and Ragusa/Dubrovnik (31 ships). However, during the war (1914–1918), many of them were sunk or sold to America. At the Conference, it was agreed that those boats with a tonnage lower than 2,000 tons would be handed over to the Adriatic allies, i.e. to Italy and the newborn Kingdom of SCS. Although the Yugoslav delegation urged that a larger number of ships should belong to the Yugoslav state, it only received such boats that were in the ownership of companies with a seat in Ragusa/Dubrovnik, while Italy received the ships of companies with a seat in Trieste and Zara/Zadar.

Having fear of a strong Italian merchant marine, and partially a Yugoslav merchant marine too, which could have strengthened the economic power of both countries, Britons wanted to place the whole Austrian-Hungarian fleet under the disposal of the allies, but not only and exclusively of Italians and Yugoslavs. Serbian and Yugoslav diplomat Milenko Vesnić explained, on the 31st of October 1919, to the British and French representatives that “the brothers of the Serbs should be recognized as associates with the same rights as the Serbs themselves”. His words were not only an attempt to find yet another argument in the Yugoslav intention to gain better positions in the partition of the aforementioned marine, but also an expression of Yugoslav ideology, as one of the cornerstones of the Yugoslav state.

An Italian analysis estimated that the Kingdom of SCS had a real need for ships of the former Austrian-Hungarian marine of some 70,000 – 80,000 tons, and that the Yugoslav request of 250,000 tons

---

278 AJ, 65, 8–72.
280 Ibid.
was excessive.\textsuperscript{281} The agreement between the Kingdom of SCS and the Kingdom of Italy on the partition of Austrian-Hungarian merchant marine was ratified in Paris on the 7\textsuperscript{th} of September 1920.\textsuperscript{282} Trumbić and Bertolini agreed that Yugoslavia should overtake 135 steamships with 114,388 tons, only 1/8 of all tonnage of Austrian-Hungarian merchant marine.\textsuperscript{283}

The company “D. Tripovich & Co – La Società anonima di navigazione, rimorchi e salvataggi” from Trieste informed the Italian authorities in Rome on the 20\textsuperscript{th} of November 1920, about their intention to activate their five steamboats, at a total of 167 tons in traffic and transport between Italy and Yugoslavia, in line with the recent Rapallo Agreement. Formally, that was a Yugoslav company, founded in 1916 in Bocca di Cattaro/Boka Kotorska bay, but actually it was an Italian company, and they asked for permission to sail under the Italian flag. The Ministry of Foreign Affairs responded that the question of navigating of their steamships under the Italian flag was sensitive.\textsuperscript{284}

The question of the transport of Yugoslav emigrants to North America, as well as to South America, was vital in early 1920s and Italian companies were interested in this business, looking for profits.\textsuperscript{285} Thus, Guido Contesso, vice director of “La Navigazione Generale Italiana” in Genova, arrived to Belgrade in June 1921 to try and resolve a problem regarding concessions for the transport of South Slavic emigrants to America through Fiume/Rijeka, which that company received from the former Austrian-Hungarian Empire, and which were not in effect after 1918, due to major changes on the political map of that part of Europe. Contesso wanted to provide new concessions from the Yugoslav Government, but failed.\textsuperscript{286}

“La Società Triestina di Navigazione Cosulich”, founded in Trieste in 1895, addressed the Italian Government on the 29\textsuperscript{th} of August 1921, as well as the Italian Legation in Belgrade, regarding the new Yugoslav law on emigration, passed in July, with which Italian economic

\textsuperscript{281} ACS, MT–DGT, UVCTP, el. 12, f. 1.
\textsuperscript{282} AJ, 148, 126.
\textsuperscript{283} AJ, 81, 1–3.
\textsuperscript{284} ASDMAE, AC, b. 168, p. 23–9.
\textsuperscript{286} ASDMAE, AC, b. 170, p. 48.
interests were disrupted. “Cosulich” had an office in Zagreb and they wrote to the Yugoslav Government on the 3rd of September 1921, asking the concessions for the emigrant transport service. They referred to the convention between Italy and Serbia from 1879, trying to prove that the convention was widened by the Saint Germaine Agreement 1919 to entire territory of the Kingdom of SCS. By the convention of 1879, Italian citizens had an undisturbed right to carry out all types of business in Serbia under the same conditions as Serbian citizens. However, by the new law on emigration, that was no longer possible, and Yugoslav companies acquired the privileged position. From the office of “Cosulich” in Zagreb, they listed several paragraphs disadvantageous for them, stressing that the new law was also unfavorable for the local economy of Trieste.287

“La Navigazione Generale Italiana” from Genova addressed the Ministry of Foreign Affairs, on the 20th of September 1921, explaining that all of the concessions they held before the war, were now cancelled by the new Yugoslav law. Their representative Egidio Dagna stayed in Belgrade trying to settle things. In all, seven companies protested because of the new emigration law in the Kingdom of SCS: two aforementioned Italian companies, two British companies (“Conard Line” and “White Star Line”), two American (“Red Star Line” and “American Line”) and one German (“Hamburg America Linie”). However, the Italian Legation in Belgrade had the information that none of foreign Governments protested, and only Britons received the news with a reserve.288 It was all about the Yugoslav intention to have a monopoly on the transport of their emigrants to America. There was a plan to establish a large Yugoslav transatlantic company, but the project failed, and together with it, the idea of a monopoly failed also.

The “Cosulich” were persistent in their aim and they wrote again on the 2nd of March 1922 to the Italian authorities in Rome, informing them about the negative economic results of the crisis. They were also embittered because “La Navigazione Generale Italiana” received concessions from the Yugoslav Government, so they sent another protest to the Yugoslav Government. They explained to Italian authorities that around 4,000 of Yugoslav emigrants departed to America through

287 Ibid.
288 Ibid.
the port of Trieste annually, and that number was even higher before American restrictions on emigration. This was an example of the damage of the new Yugoslav law on emigrants for the port of Trieste, the local economy and generally for Italian economic interests in the Eastern Adriatic. The “Cosulich” also started a campaign through their office in Ljubljana, but without results.289

The topic of the dispute were paragraphs of the new law that stipulated that Yugoslav emigrants could only be embarked in Yugoslav ports. Despite the Yugoslav Government making a correction on some stipulations, the problem with “Cosulich” remained. They actually requested too much, which was noticed by the Italian Legation. They informed the Ministry of Foreign Affairs on the 13th of March 1922 about this issue, and a few days later they wrote about the Yugoslav intention to protect their interests on the Adriatic, and to gain better positions for the future negotiation.290

In early April 1922, Rome had the information from Belgrade by Manzoni that “Cosulich” had totally missed in negotiating tactics with the Yugoslav Government. However, they continued to fight, and demanded that the Italian Government cancels all credits to the Kingdom of SCS for buying new ships. On the other hand, “La Navigazione Generale Italiana”, which previously received concessions for transport to South America, wanted to broaden their business also to North America, because those who wanted to immigrate to South America remained minor.291

While all other companies fulfilled Yugoslav requests in order to get concessions, “Cosulich” did not change its attitude much. In a letter dated the 5th of May 1922, the Italian envoy in Belgrade suggested that “Cosulich” should act with more flexibility. But, this company sent a complaint to Rome in October 1922, writing to them about what little help they received from the Italian Legation in Belgrade. They also asked the Italian Government to ease consequences for Trieste.292

It should not be neglected that there was a lobby, consisted mostly of Slovenes, who had “italofobia” and thus influence in the rejection

289 Ibid.
290 Ibid.
291 Ibid.
292 Ibid.
of the request of “Cosulich”, as a document from November 1922 indicates. However, Yugoslav authorities deliberately delayed with finishing the procedure for concessions, even to those companies that fulfilled all prerequisites. “La Navigazione Generale Italiana” received concessions for the transport of Yugoslav emigrants to South America in February 1922 and to North America in June 1922. They managed to maintain both lines, from Genova and Napoli, but with difficulties. They sent a request to the Italian Government on the 20th of February 1924 to treat those two ports in the same manner as those on the Adriatic. “Cosulich” complained again, proposing negotiations between the two Governments, which should result with a new agreement that would allow Italian companies to embark Yugoslav emigrants in Italian ports, as well. “Cosulich” did not give up easily. They addressed the Italian authorities on the 14th of July 1924, convincing them that Italian Adriatic ports were much better equipped for the reception and transport of emigrants, than ports in Yugoslavia. They also wrote that foreign companies were allowed to embark emigrants in Yugoslav ports, while Italian companies were kept in doing so, which was not fair. The competition between the Italian firms themselves, as well as between Italian and other firms from Western Europe, was more intense than the competition between Italian and Yugoslav shippers. However, “La Navigazione Generale Italiana” informed Rome on the 11th May 1925 that the Yugoslav company for sailing “Vesna” from Sussak/Sušak, with steamboats rented from “Transatlantica Italiana”, had opened a sea line towards South America, which was threatening their business.

Regarding sea lines, the Italian King passed a decree on reorganization and subventions of the Italian merchant marine on the 17th of December 1922, with which all unnecessary lines were dismantled, including those which had been supported until then, regardless of their rent ability. The Italian Government gave annual subventions for some

293 Ibid.
294 ASDMAE, AC, p. 9, s. 9–14.
295 Ibid.
296 ACS, MMM–DGPAG, b. 392, t/17 (2).
297 ASDMAE, AC, p. 3–1–d.
298 Goran Latinović, Jugoslovensko-italijansko pomorsko rivalstvo na Jadranskom moru 1919–1929, 63.
299 ASDMAE, AC, p. 9, s. 9–14.
lines and made contracts with certain companies, as shown in Table 24.

**Table 24: Annual subventions for companies provided by the Italian Government**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sea Lines</th>
<th>Amount (in liras)</th>
</tr>
</thead>
<tbody>
<tr>
<td>„Puglia”, Bari</td>
<td>From Venezia, via eastern Adriatic ports, to Bari, and from Bari to Aegean</td>
<td>11.350.000</td>
</tr>
<tr>
<td>„Adria”, Fiume/Rijeka</td>
<td>To Marseille</td>
<td>6.000.000</td>
</tr>
<tr>
<td>„Istria – Trieste”, Trieste</td>
<td>From Trieste to Zara/Zadar</td>
<td>4.000.000</td>
</tr>
<tr>
<td>„Costiera”, Fiume/Rijeka</td>
<td>From Fiume/Rijeka to Trieste</td>
<td>4.000.000</td>
</tr>
<tr>
<td>„Tripkovich”, Trieste</td>
<td>To Morocco</td>
<td>2.750.000</td>
</tr>
<tr>
<td>„Lloyd triestino”, Trieste</td>
<td>From Trieste to Ragusa/Dubrovnik</td>
<td>500.000</td>
</tr>
</tbody>
</table>


As for the Yugoslav marine potential, the Italian envoy in Belgrade reported on the 11th of March of 1922 that Yugoslavia, except its river fleet with a seat in Belgrade (“Brodski sindikat Kraljevine Srba, Hrvata i Slovenaca”), also possessed a sea marine:

1. “Dalmatia”, 30 steamships for the Adriatic service;
2. “Società Ragusea”, 11 steamships for the transport of raw materials, and 2 for the Adriatic service;
3. “Ungaro-Croata”, 40 steamships for the Adriatic service and 4 for transatlantic service;
4. “Società Račić”, 10 steamships for transatlantic service;
5. “Oceanìa”, 8 steamships for transport, and 4 for the Adriatic service; and

In all, the Yugoslav sea marine (without the last listed) had a tonnage of 200.000 tons. The Ministry of Merchant Marine in Rome

---

300 ASDMAE, AC, b. 168, p. 23–9.
had more precise data regarding Yugoslav maritime companies in 1927, as shown in Table 25.

Table 25: Yugoslav maritime companies in 1927

<table>
<thead>
<tr>
<th>Name and seat</th>
<th>Capital (in dinars)</th>
<th>Number of ships</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Ragusea”, Ragusa/Dubrovnik</td>
<td>40 million</td>
<td>16</td>
<td>48,000</td>
</tr>
<tr>
<td>“Società di navigazione atlantica di Ivo Račić”, Spalato/Split</td>
<td>18 million</td>
<td>11</td>
<td>27,000</td>
</tr>
<tr>
<td>“Oceania”, Belgrade, Sussak/Sušak and Trieste</td>
<td>16 million</td>
<td>8</td>
<td>30,000</td>
</tr>
<tr>
<td>“Jadranska plovidba”, Sussak/Sušak</td>
<td>12 million</td>
<td>76</td>
<td>32,000</td>
</tr>
<tr>
<td>“Transoceania”, Sussak/Sušak</td>
<td>5 million</td>
<td>4</td>
<td>16,000</td>
</tr>
<tr>
<td>“Illeria”, Zagreb</td>
<td>4 million</td>
<td>1</td>
<td>3,000</td>
</tr>
<tr>
<td>“Jugoslavia americana”, Spalato/Split and London</td>
<td>1,1 million</td>
<td>4</td>
<td>25,000</td>
</tr>
<tr>
<td>“Società Banac et Rousko”, Ragusa/Dubrovnik</td>
<td>n/a</td>
<td>1</td>
<td>6,500</td>
</tr>
<tr>
<td>“Paolo F. Matijević”, Spalato/Split</td>
<td>n/a</td>
<td>1</td>
<td>1,000</td>
</tr>
<tr>
<td>“Società Boka”, Cattaro/Kotor</td>
<td>n/a</td>
<td>5</td>
<td>1,000</td>
</tr>
<tr>
<td>Other small companies</td>
<td>n/a</td>
<td>30</td>
<td>1,000</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b. 78, b/37.

There were 10 shipyards in the Kingdom of SCS.301 In 1928, the Yugoslav marine reached 296,783 tons.302 The following year “Società di navigazione atlantica di Ivo Račić” and “Jugoslavia americana” merged into one company in 1929, called “Jugoslovenski Lloyd”.303

301 Smiljana Đurović, Državna intervencija u industriji Jugoslavije (1918–1941), 27.
302 AJ, 81, 1–3.
303 Ibid.
Sea traffic between the Italian and the Yugoslav coast of the Adriatic Sea was an important and intensive factor in Yugoslav-Italian economic relations. Thus, in January 1924, the Italian Consulate in Spalato/Split sent a report to Rome, which stated that during 1923 Italian boats sailed into this port 1,136 times (532,707 tons), that they loaded 3,715,680 quintals of merchandise and unloaded 314,110 quintals of goods. They also embarked 2,430 passengers and disembarked 2,200 passengers. This report also stated that the number of Yugoslav ships that sailed into Spalato/Split had been larger, but their tonnage had been much lower than the Italian. The report concluded that the port of Spalato/Split was of significant importance for the Italian merchant marine.\textsuperscript{304}

Bodrero, the Italian envoy in Belgrade, sent a strictly confidential letter to Rome on the 7\textsuperscript{th} of June 1924. He informed the Italian authorities that representatives of some Italian sailing companies in Dalmatia were carrying out propaganda, and a pressure as well, on Italian boats to address for shipping and other needs to Italian, not to Yugoslav companies.\textsuperscript{305}

On the 9\textsuperscript{th} of July 1925, the Italian Consulate in Zagreb prepared a comparative analysis of the traffic through the port of Fiume/Rijeka and the neighboring port of Sussak/Sušak throughout 1924. Their analysis presented these figures: In 1924, around 400,000 tons of goods passed through the port of Fiume/Rijeka, and around 163,000 tons through the port of Sussak/Sušak. Imports through Fiume/Rijeka numbered around 230,000 tons, and through Sussak/Sušak around 85,000 tons, while exports through Fiume/Rijeka accounted 172,000 tons, and through Sussak/Sušak around 78,000 tons. Italian vessels imported and exported through both ports far more than all Yugoslav and foreign vessels combined. Regardless, Italian steamboats sailed into Fiume/Rijeka 988 times, and into Sussak/Sušak 72, while Yugoslav steamships sailed into Fiume/Rijeka 76, and into Sussak/Sušak 97 times.\textsuperscript{306} The advantage of Italian merchant marine in the Northern Adriatic was quite evident. However, according to Yugoslav estimates, 4,024,390 quintals of goods passed through Fiume/Rijeka in 1924, only one sixth of pre-war traffic. In 1913, 19,051 boats sailed through the port, but only 3,946 in 1924. The same year, the most exported goods from Yugoslavia

\textsuperscript{304} ASDMAE, AC, p. 4–6, s. 4–10.
\textsuperscript{305} ASDMAE, AC, p. 9, s. 9–13.
\textsuperscript{306} ASDMAE, AC, p. 9, s. 9–25.
through Fiume/Rijeka was construction timber (109,195 tons), and the most imported were mineral oils (75,756 tons).\textsuperscript{307}

In a report of the Italian Legation in Belgrade dated July 29\textsuperscript{th} of 1926, Sussak/Sušak became the best-equipped port for links to the hinterland of Yugoslavia. As for technical equipment and traffic connection, all other ports (Zelenika in Bocca di Cattaro/Boka Kotorska bay, Sebeniko/Šibenik, Spalato/Split, Porto Narenta/Metković and Ragusa/Dubrovnik) fell behind Sussak/Sušak, but all of them, including Sussak/Sušak, had defects.\textsuperscript{308} Sebenico/Šibenik was a former Austrian-Hungarian military port, but it was close enough to the cement beds and mines in Promina mountain. The central port was the one in Spalato/Split, which was first in sea traffic and transport, while through Porto Narenta/Metković wood and agricultural products were exported.\textsuperscript{309} In the first six months of 1925, the Kingdom of SCS imported 605,563 tons of goods through the port of Spalato/Split, while through ports of Sussak/Sušak, Sebeniko/Šibenik and Ragusa/Dubrovnik 668,511 tons, put together. In the same period, Yugoslavia exported 1,920,883 tons of merchandise through Spalato/Split, while through other three ports 1,950,424 tons.\textsuperscript{310}

The Italian Consulate in Ragusa/Dubrovnik informed Rome on the 4\textsuperscript{th} of September 1926 that in the first semester of 1926, 220 Italian steamboats (169,225 tons) entered this port, as well as 117 Italian sailing ships (11,372 tons). In comparison with the same period in 1925, 60 more steamboats arrived, but six sailing ships less. The increase of steamboats was explained by the weekly sea lines between Ancona and Ragusa/Dubrovnik, established in January 1926. The information also showed that in the first half of 1926, 1,005 passengers disembarked and 452 embarked, and in the first half of 1925, 1,094 disembarked and 744 embarked. As for the merchandise, in the first six months of 1926, 7,442,972 tons were unloaded from Italian ships, and 50,855,794 tons were loaded onto Italian ships. In the same period of 1925, 4,967,573 tons were unloaded from Italian ships and 55,913,765 tons were loaded to Italian ships. The fall in the loading of some 5 million of tons was explained by the decrease of the exports of wood from Yugoslavia.\textsuperscript{311}

\textsuperscript{307} AJ, 65, 246–740.
\textsuperscript{308} ASDMAE, AC, p. 10–15, s. 10–11.
\textsuperscript{309} AJ, 81, 1–3.
\textsuperscript{310} AJ, 334(KPO), 473–1486.
\textsuperscript{311} ASDMAE, AC, p. 9, s. 9–29.
From 1925 to 1927, Italy was in first place in Yugoslav exports by sea, absorbing half of all Yugoslav exports by maritime lines, and it was in second place in Yugoslav imports, after Great Britain. The amount of Yugoslav exports to Italy and Yugoslav imports from Italy by sea is shown in tables below:

Table 26: Yugoslav exports to Italy by sea (1925–1927)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount in metric cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>5,711,486</td>
</tr>
<tr>
<td>1926</td>
<td>6,640,020</td>
</tr>
<tr>
<td>1927</td>
<td>6,949,101</td>
</tr>
</tbody>
</table>

Table 27: Yugoslav imports from Italy by sea (1925–1927)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount in metric cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>860,433</td>
</tr>
<tr>
<td>1926</td>
<td>739,780</td>
</tr>
<tr>
<td>1927</td>
<td>663,435</td>
</tr>
</tbody>
</table>

As for ports, the majority of Yugoslav imports passed through Sussak/Sušak, and the busiest port for Yugoslav exports was Spalato/Split. The docking of Italian boats from Trieste in Yugoslav ports, on their way to America or around Africa, enabled direct exports to many countries and colonies, with which Yugoslavia had not had relations.\(^{312}\) The Yugoslav Ministry of Foreign Affairs was aware in March 1927 that Italian ports of Fiume/Rijeka, Trieste and Venezia, besides trading, also had a noticeable industrial significance, due to local factories.\(^{313}\)

Italian steamships exported from Yugoslav ports far more than Yugoslav steamboats, around 70% annually of all Yugoslav exports by sea were in hands of Italian merchant marine (table 28). Circumstances were different in Yugoslav imports, where the participation of Italians was lower and it exceeded only 40% in 1926 (table 29).

\(^{312}\) AJ, 81, 1–3.
\(^{313}\) AJ, 334(KPO), 425–1375.
Table 28: Participation of Italian and Yugoslav steamships in Yugoslav exports by sea (1925–1927)

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italian steamboats</td>
<td>70,8%</td>
<td>72,1%</td>
<td>71,7%</td>
</tr>
<tr>
<td>Yugoslav steamboats</td>
<td>20,3%</td>
<td>19%</td>
<td>19,3%</td>
</tr>
</tbody>
</table>

AJ, 81, 1–3.

Table 29: Participation of Italian and Yugoslav steamships in Yugoslav imports by sea (1925–1927)

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italian steamboats</td>
<td>34%</td>
<td>40,5%</td>
<td>35,9%</td>
</tr>
<tr>
<td>Yugoslav steamboats</td>
<td>31,5%</td>
<td>41,4%</td>
<td>43,4%</td>
</tr>
</tbody>
</table>

AJ, 81, 1–3.

One can explain the supremacy of the Italian merchant marine in Yugoslav exports because around half of all Yugoslav exports went to Italy.\(^{314}\) Also, the Yugoslav Government usually granted subsidies to sea lines within their borders, while the Italian Government gave priority to international sea lines.\(^{315}\)

Aiming at limiting Italian competition, in October 1927, there was an idea in the Yugoslav Ministry of Trade and Industry to establish free customs zones in Sussak/Sušak, Sebenico/Šibenik, Spalato/Split and Ragusa/Dubrovnik. There were two options: “punto franco”, as partially free port and “porto franco”, as an entirely free port. “Punto franco” would be a certain place inside a port where magazines and depots would be located for goods imported from abroad, which would stay there temporarily and without being charged by customs authorities, until transport could continue. “Porto franco” would comprise the entire port, even the town. Selling and processing goods would be allowed there. While authorities generally abandoned that plan, due to the involvement in other ministries, Yugoslav experts continued to work on it.\(^{316}\)

---


\(^{315}\) AJ, 81, 1–3.

In March 1929, new information arrived to the Ministry of Merchant Marine in Rome. They were informed of the establishment of a new company “Slobodna plovidba”, i.e. “Navigazione libera” in Sussak/Sušak, with initial capital of 500,000 dinars. They were also informed that “Jugoslovenski Lloyd” bought new ship, “Tomislav”, with 8,700 tons. “Jadranska plovidba” from Sussak/Sušak wanted to purchase 18 new steamships, while “La navigazione e vapore ragusea” already purchased two steamboats from “Tripkovich”, each of 107 tons.317

Although the traffic between the two Adriatic coasts and the transport of goods held a special place in Yugoslav-Italian economic relations (1918–1941), various problems occasionally occurred. The Yugoslav Legation in Rome found out in November 1922 that the Italian authorities did not receive permission which had been issued to Yugoslav steamboats by Yugoslav authorities. Therefore, they protested, accusing the Italian authorities of disrespecting international maritime law. That was all caused by an Italian inspection of a Yugoslav steamship “Slavni Špiro” in Barletta on the 25th of September 1922.318

Port authorities in Sebenico/Šibenik, Spalato/Split and Ragusa/Dubrovnik were obliged to treat Italian boats in the same way as Yugoslav boats, in regards to paying port taxes. This had been in effect since January 1923. But, in April 1923, the Italian envoy in Belgrade complained because Yugoslavs broke the rule.319

On the 1st of December 1924, “Puglia – Società anonima di navigazione e vapore” from Bari, complained about a decision of the Yugoslav local police authorities in Ragusa/Dubrovnik that each boat, which sailed into the Gravosa/Gruž port out of working hours (8.00 – 12.00 a.m. and 3.00 – 6.00 p.m.), had to pay a certain penalty. The significance of sea traffic between Yugoslavia and Italy is evident because the Ministry of Merchant Marine, the Ministry of Foreign Affairs, the Inspectorate of Marine Services, and the Italian Legation in Belgrade intervened during December 1924 and January 1925, in order to resolve the problem caused by the local police abuse.320

317 ACS, MMM–DGPAG, b. 392, t/17 (2).
319 AJ, 148, 123.
320 ASDMAE, AC, p. 9, s. 9–14.
The steamship “Ninfa” was held for seven hours on the 29th of May 1925 in Sussak/Sušak, during a customs control, and its captain Mazzola protested. The middle of July 1926, “La Società Regionale Veneta per la Pesca e l’Acquicoltura” wrote to the Ministry of Foreign Affairs about several incidents between Italian fishermen and Yugoslav officers in the zone on the border between Italy and the Kingdom of SCS near the islands of Arbe/Rab and Pago/Pag. Already in August 1926, the Ministry of Foreign Affairs held information regarding another incident in the same zone, which involved four Italian vessels: “Conte Rosso”, “Conte Verde”, “Vanda”, and “Corallino”. In March 1929, the Italian Consulate in Sussak/Sušak ceased issuing visas to Yugoslav sailors, and as reciprocity, the Yugoslav Consulate responded equally to Italian sailors.

Several Yugoslav companies sent a request to the Yugoslav Government in May 1929, regarding the exportation of wood to Italy. They wrote that Yugoslav companies should overtake the wood business, which was basically in the hands of Italian companies. Later, the Chamber of Commerce in Ragusa/Dubrovnik warned one tradesman that his use of Italian steamboats for exports and imports conflicted against the interests of the Yugoslav economy. Italians characterized those activities as Yugoslav propaganda against the Italian merchant marine.

The traffic and transport of goods between Yugoslavia and Italy ran not only by sea, but also by land. Yugoslav and Italian representatives held a conference on railroads in Trieste on the 3rd of June 1919. Arturo Luzzatto, chief of staff, led the Italian delegation, and Ignjat Bajloni, president of the Industrial Chamber, led the Yugoslav one. They discussed technical questions in order to simplify the trade traffic. Venezia Gulia held a special economic interest in renewing broken trade lines. They settled an agreement in July, but its practical application moved slowly, due to political reasons. In 1922, there were 9,330 kilometers of railroads in Yugoslavia, and the Yugoslav Railroads was

321 ASDMAE, AC, p. 9, s. 9–29.
322 ASDMAE, AC, p. 16–27, s. 17–12.
324 ACS, MMM–DGPAG, b. 392, t/17.
325 ASDMAE, AC, b. 166, p. 23–4.
the largest company in the country, as far as number of employees and investments are concerned.\textsuperscript{326} The army, as the most significant political factor in the Kingdom of SCS, had a strong influence on building and maintaining railroads.\textsuperscript{327}

According to statistics, railway traffic had an important role in Yugoslav-Italian trade. In the first half of 1920, hundreds of thousands of quintals were imported and exported between the two countries by rail, shown as follows:

**Table 30: Italian trade with Yugoslavia by railroad (January – July 1920)**

<table>
<thead>
<tr>
<th>Month</th>
<th>Imports (quintals)</th>
<th>Exports (quintals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>40.057</td>
<td>28.907</td>
</tr>
<tr>
<td>February</td>
<td>67.096</td>
<td>58.051</td>
</tr>
<tr>
<td>March</td>
<td>85.205</td>
<td>44.941</td>
</tr>
<tr>
<td>April</td>
<td>81.743</td>
<td>44.749</td>
</tr>
<tr>
<td>May</td>
<td>65.302</td>
<td>50.460</td>
</tr>
<tr>
<td>June</td>
<td>105.797</td>
<td>60.808</td>
</tr>
<tr>
<td>July</td>
<td>45.909</td>
<td>42.937</td>
</tr>
<tr>
<td>In all</td>
<td>491.109</td>
<td>330.853</td>
</tr>
</tbody>
</table>

ASDMAE, AC, b. 165, p. 3–4.

**Table 31: Main products transported by railroads (January – July 1920)**

<table>
<thead>
<tr>
<th>Imports (quintals)</th>
<th>Exports (quintals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>445.417</td>
</tr>
<tr>
<td>Charcoal</td>
<td>7.396</td>
</tr>
<tr>
<td>Raw leather</td>
<td>6.122</td>
</tr>
<tr>
<td>Prunes</td>
<td>3.841</td>
</tr>
<tr>
<td>Bean</td>
<td>2.808</td>
</tr>
<tr>
<td>Swines</td>
<td>810 heads</td>
</tr>
</tbody>
</table>

ASDMAE, AC, b. 165, p. 3–4.

\textsuperscript{326} Vladimir Dedijer, *Ekonomika Kraljevine Jugoslavije*, 414.

\textsuperscript{327} Mijo Mirković, *Ekonomski historija Jugoslavije*, 397.
In August 1922, the Chamber of Commerce in Trieste complained about difficulties in transition of goods between Italy and Romania, through the territory of Yugoslavia. According to their complaint, what usually required 10 days to get from Italy to Romania and vice versa, it took almost one month, due to Yugoslav railroads. They believed they should ask the Yugoslav authorities to improve their transportation infrastructure between Trieste and the Romanian border. Another aggravating factor in Italian-Romanian economic relations was the Yugoslav prohibition on the transport of meat from Romania through Yugoslavia, and some Italian importers, like “Casa Pirelli” avoided transport over Yugoslavia and instead transported it through Hungary.\footnote{ASDMAE, AC, b. 168, p. 23–8.}

In September 1923, the Directorate of Yugoslav Railroads increased tariffs between 20 – 100%, depending on the goods. The Italians protested, not only because it affected their traffic and thus the trade exchange with Yugoslavia, but also with Austria, Czechoslovakia, Hungary and Romania. The Chamber of Commerce and Industry in Trieste wrote a letter on the 2nd of February 1924 to the Italian Government, arguing that the agreement between Italy and Yugoslavia, signed in Rome on the 27\textsuperscript{th} of January 1924, came too early, and when addressing economic relations between the two countries, economic factors from Trieste should be considered, mentioning the raise in Yugoslav railroad tariffs and its negative consequences for Trieste.\footnote{ASDMAE, AC, p. 3–1–b.}

The Italian Delegation for the Economic Negotiation with the Kingdom of SCS informed the Ministry of Foreign Affairs on the 10\textsuperscript{th} of April 1924 that Yugoslavs made such a decision with the intention to promote and protect their port of Sussak/Sušak and to diminish competition with the neighboring Italian ports of Fiume/Rijeka and Trieste.\footnote{Ibid.}

Both parties signed the Convention on Regulation Traffic and Transit via Railroads between Italy and Yugoslavia on the 14\textsuperscript{th} of July 1924 in Belgrade. Yugoslav Minister of Traffic Svetislav Popović, and Savo Kukić, signed the document, along with the Italian envoy in Belgrade Alessandro Bodrero, and Lodovico Lucioli. They agreed that traffic between the two countries would be carried out by: 1. Stipulations of the International Convention on the Transport of Goods by Railroads,
which had been agreed in Bern in 1890, and amended in 1895, 1898 and 1906, and 2. Stipulations made by the International Institute for Transport by Railroads. The two sides also agreed to eliminate any obstacles that hampered traffic and transport, and to create favorable conditions for those activities. However, each side retained the right to set their own tariffs. Freight trains would be allowed to pass over borders at any time, and retaining trains on border stations would not be longer than needed for necessary border and customs procedures. All disputes were to be resolved by arbitration.  

To stimulate railroad traffic, the Ministry of Traffic of the Kingdom of SCS decided to approve a tariff discount of 30% on exportation of wood from Yugoslavia to Italy in July 1924, which would be undertaken by Yugoslav railways. But, several economic factors, mostly from Spalato/Split, protested against giving any sort of concessions to Italians regarding traffic in Dalmatia. In early August 1924, the General Directorate of Italian Railroads had nothing against Yugoslav demand of a decrease of 30% of the transport of Yugoslav wood through Trieste, which would remain in effect for three months. It seems that that was a gesture of good will, expecting the application of a new Yugoslav tariff. During 1925 and 1926, both countries agreed on the reduction of railway tariffs on exhibits prepared for international fairs in Yugoslavia and Italy.

Immediately after the First World War, in order to curb inflation, to balance budgets and to renew production, countries imposed restrictions and prohibitions on trade. Later, abandoning these measures, customs, and means to influence prices, became the principal form of protection in foreign trade relationships. In 1925, an average customs load of all imports in the Kingdom of SCS was 23%, and in the Kingdom of Italy 22%.

---

331 Službene novine Kraljevine Srba, Hrvata i Slovenaca, 266–LXXXVII, Beograd 1928.
332 AJ, 65, 7–63.
333 AJ, 74, 1–1.
334 ASDMAE, AC, p. 7–8, s. 8, f. 11.
335 ASDMAE, AC, p. 7–8, s. 8, f. 33.
The agreement on Adriatic tariffs between Yugoslavia and Italy came into effect in December 1926. They were signed not to impede mutual traffic and trade, having in mind the significance of Adriatic ports for international traffic and trade.\textsuperscript{337} Yugoslavia retained a priority to protect its agricultural interests through customs tariffs, and their average haul accounted for 48.3\%, while in Italy it was 27.4\%. Practically, customs tariffs from 1925 marked the beginning of a period of economic liberalism in Yugoslavia.\textsuperscript{338}

By remaining well-connected by railroads to a large part of Yugoslavia, the town and port of Fiume/Rijeka held a significant role in Yugoslav-Italian economic relations, especially after the final resolution of its status. The trade exchange between two countries through Fiume/Rijeka, for a period of 14 years, measuring goods transported by railroads, was at its highest in 1929, as indicated in Table 32.

Table 32: Yugoslav-Italian trade exchange via railroads through Fiume/Rijeka (1924–1937)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1924</td>
<td>79,444</td>
</tr>
<tr>
<td>1925</td>
<td>217,541</td>
</tr>
<tr>
<td>1926</td>
<td>309,078</td>
</tr>
<tr>
<td>1927</td>
<td>245,529</td>
</tr>
<tr>
<td>1928</td>
<td>225,864</td>
</tr>
<tr>
<td>1929</td>
<td>321,874</td>
</tr>
<tr>
<td>1930</td>
<td>188,615</td>
</tr>
<tr>
<td>1931</td>
<td>129,153</td>
</tr>
<tr>
<td>1932</td>
<td>n/a</td>
</tr>
<tr>
<td>1933</td>
<td>81,409</td>
</tr>
<tr>
<td>1934</td>
<td>77,214</td>
</tr>
<tr>
<td>1935</td>
<td>122,157</td>
</tr>
<tr>
<td>1936</td>
<td>58,041</td>
</tr>
<tr>
<td>1937</td>
<td>80,493</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b. 392, t/17 (2)

\textsuperscript{337} Službene novine Kraljevine Srba, Hrvata i Slovenaca, 266–LXXXVII, Beograd 1928.

\textsuperscript{338} Goran Pitić, Karakteristike i organizacija spoljnotrgovinskog sistema Jugoslavije od 1919. do 1929. godine, 115–116.
Despite the significance of the railway traffic in Yugoslav-Italian economic relations, the conditions of its use in the Kingdom of SCS, were not quite favorable, and the Italian envoy in Belgrade received a series of complaints from Italian companies regarding transport through Yugoslav territory, and its customs service. The Italian Consulate in Zagreb informed the Ministry of Foreign Affairs on the 25th of May 1921 that Yugoslav border police and customs officers controlled Italian tradesmen, because they successfully penetrated the Croatian and Slavonian markets. As an excuse, Yugoslav authorities cited the lack of certificates, which each Italian tradesman required. However, those certificates needed more information, such as the exporter, importer, shipper, and goods. If Italian businessmen failed to provide only one set on this information, they would have to pay a maximum tariff, no matter if goods only transited through Yugoslavia.\footnote{ASDMAE, AC, b. 169, p. 22.} This practice remained throughout the next few years. Thus, in 1923 the Italian Consulate in Sarajevo informed Rome about the decision of the Directorate of Yugoslav Customs. If importers of foreign merchandise in Yugoslavia wanted to apply for the lowest tariff, they would have to provide an original certificate with all required information. However, importers often needed to wait for the certificate while on the border, and their goods waited in customs storehouses, but without adequate protection.\footnote{ASDMAE, AC, b. 167, p. 23–4.}

In November 1923, “La Casa di Spedizioni Amici & Valania Succ.” from Milano and “La Società di Spedizioni Brugiapaglia Longo & Frittelli” from Trieste wrote to the Italian Legation in Belgrade and to the Italian Consulate in Sarajevo, complaining about poor transport and customs conditions on the railway between Porto Narenta/Metković and Sarajevo. They pointed out that Italian companies exported around 1,000 carriages of woolen and flaxen products to Yugoslavia, to the value of half a billion of liras. Those firms usually embarked their merchandise in the port of Trieste and they sailed to the port of Porto Narenta/Metković, where they placed their goods on carriages and transported them by rail to Sarajevo. However, custom authorities in Porto Narenta/Metković disembarked all recent cargo, not in storehouses, which did not have adequate space, but on embankment, without the appropriate means
of protection for the goods, which were left to the rain and thieves. When the transport finally moved towards Sarajevo, it took no less than one month to arrive. Exporters felt embittered and their customers disappointed and unsatisfied. Competitive companies from Germany, Poland and Czechoslovakia took advantage of transporting their goods in a much easier way, utilizing the main railroads through Zagreb, Belgrade and Bosanski Brod on the way to Sarajevo. The authors of the complaint asked for the intervention of the Yugoslav Government to enlarge capacities of Porto Narenta/Metković custom and to improve a railroad between this port and Sarajevo.341

Italian authorities ordered all border customs offices to prevent the entrance of merchandise from Yugoslavia, if the delivery note of each transport did not contain an adequate invoice. Yugoslavs protested in May 1925. They thought that kind of measure was for statistical purposes.342 In June 1925, the Economic Department of the Ministry of Foreign Affairs in Belgrade sent a correspondence to the Yugoslav Legation in Rome, explaining that Yugoslav exporters continued to be significantly affected. Companies in the wooden industry, for example, had its central offices in large towns, while factories and sawmills were in small towns and rural areas. Central offices were usually giving invoices and factories, and sawmills the delivery notes, which meant that goods had been forwarded before invoices. They urged for a solution of this problem.343

The General Director of Italian Railroads sent a letter on the 7th of June 1929 to the Office of the Economic Coordination of the Ministry of Foreign Affairs, regarding tariffs in Fiume/Rijeka and Trieste, which had been stipulated by the agreements of Nettuno and Belgrade. According to those agreements, Yugoslav ports received special rates for exports and imports. Those stipulations could damage the local economy in Italian ports on the Eastern Adriatic, Fiume/Rijeka and Trieste. The General Director expressed his regrets, explaining that the damage for Italy would be made not only in the Yugoslav-Italian trade exchange, but also in the trade exchange between Italy and countries such as Hungary and Romania. He thought that the Yugoslav ports of

341 Ibid.
Sussak/Sušak, Sebenico/Šibenik, Spalato/Split and Ragusa/Dubrovnik would benefit from spoiling the plans of Fiume/Rijeka and Trieste. At the same time, the director expressed his hope this would not happen, because Yugoslav ports lacked capacity, and Fiume/Rijeka and Trieste were much better connected by railroads with industrial and agricultural centers in Yugoslavia, and in Hungary and Romania, as well.\textsuperscript{344}

As for local motor traffic, it is worth mentioning that Remo Boggio Marzet, an Italian entrepreneur from Zara/Zadar, who already requested in October 1920, from Yugoslav and Italian authorities, to begin with the private business of the transport via automobile of people and goods from Zara/Zadar to the Yugoslav towns of Sebenico/Šibenik, Knin and Obrovac. After he had been refused, he applied again in October 1923, and again in January 1926, but with no results. He was allowed to perform his business only from Zara/Zadar to Zemunik, despite his willingness to expand.\textsuperscript{345}

Telegraphic and telephone traffic between Fiume/Rijeka and Yugoslavia was established in April 1924, which was an additional advantage for the local economies.\textsuperscript{346}

Incidents occasionally occurred, even on the land border, especially in first years after the war, due to uncertain borders and a tense political situation. Thus, in December 1920 one Yugoslav soldier was killed by Italian “Guardia di Finanza”. Another incidents happened in August 1921, and then in October 1922, when “Guardia di Finanza” wounded one Yugoslav.\textsuperscript{347} In June 1924, the Italians killed a serviceman of Yugoslav financial control, and the Yugoslavs requested an investigation by a mixed commission, but the Italians refused.\textsuperscript{348}

Regarding traffic and transport, Trieste represented a special place in Yugoslav-Italian economic relations. Thanks to its geographic position, favorable maritime and railroad connections (the Trieste – Vienna railway passed over Yugoslav territory), the city acted as a mediator in trade between the Mediterranean and Central Europe.\textsuperscript{349}

\begin{itemize}
\item \textsuperscript{344} ACS, MMM–DGPAG, b. 143, c/14.
\item \textsuperscript{345} ASDMAE, AC, p. 7–8, s. 8, f. 23.
\item \textsuperscript{346} ASDMAE, AC, p. 16–27, s. 18–1.
\item \textsuperscript{347} ACS, PCM–UCNP, b. 48, f. 3.
\item \textsuperscript{348} AJ, 373, 1–2.
\item \textsuperscript{349} Goran Latinović, \textit{Trst u jugoslovensko-italijanskim ekonomskim odnosima}}
Already in 1903, 4,666,500 quintals of goods passed through the port of Trieste from the territory of the Yugoslav state that would be formed in 1918, mostly wood (1,865,000), cement (566,700), coal (534,000), minerals (314,000), iron (283,000), wine (236,800), fuel (130,000), wheat (116,800), etc. In the same year, the territory that would become Yugoslavia would export 3,377,400 quintals of merchandise, mostly crude cast iron (570,000), coal (560,000), other iron (350,000), cereal (220,000), wood (114,000), cement (114,000), sugar (108,000), coffee (90,000), salt (80,000), rice (80,000), citrus fruits (70,000), etc. Consequently, more than 8,000,000 quintals of various goods passed through Trieste. A great rise of the local economy was noted between 1902 and 1913, when the value of all goods, which passed through the port of Trieste, was more than doubled. No less than 71.1% of all merchandise in Austria-Hungarian trade by sea, passed through Trieste. Not only was the port of Trieste an important mediator, but the market of Trieste also retained significance, especially in merchandise from the Slovene regions, but also from Dalmatia and Bosnia. Bearing all that in mind, the Italian Government became aware of its importance and there was an opinion that Trieste should broaden its mediating activities on transatlantic countries. The Yugoslav Consulate in Trieste sent to Belgrade statistics published by the Chamber of Commerce in Trieste on trade in Trieste in 1921 and 1922, including the main goods, and those which were imported to Yugoslavia, and exported from Yugoslavia, as shown in tables 33–36.

između dva svjetska rata, Zbornik Matice srpske za istoriju, 96, Novi Sad 2017, 121.
350 ACS, MT–DGT, UVCTP, el. 12, f. 1.
352 ACS, MT–DGT, UVCTP, el. 12, f. 1.
Table 33: Trade through Trieste (1921–1922)

<table>
<thead>
<tr>
<th></th>
<th>Imports (in quintals)</th>
<th>Exports (in quintals)</th>
<th>Total (in quintals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>By sea in 1921</td>
<td>11,386.527</td>
<td>3,523.286</td>
<td>14,909.813</td>
</tr>
<tr>
<td>By sea in 1922</td>
<td>9,528.564</td>
<td>5,532.697</td>
<td>15,061.261</td>
</tr>
<tr>
<td>By railroads in 1921</td>
<td>6,650.697</td>
<td>7,370.344</td>
<td>14,021.041</td>
</tr>
<tr>
<td>By railroads in 1922</td>
<td>7,218.667</td>
<td>6,974.295</td>
<td>14,192.962</td>
</tr>
<tr>
<td>Total in 1921</td>
<td>18,037.224</td>
<td>10,893.630</td>
<td>28,930.854</td>
</tr>
<tr>
<td>Total in 1922</td>
<td>16,747.231</td>
<td>12,506.992</td>
<td>29,254.223</td>
</tr>
</tbody>
</table>

Total trade in 1922 was only 47.6% of trade from 1913, which was in all 61,472.74 quintals.\(^{353}\)

Table 34: Main goods transported through Trieste in 1922

<table>
<thead>
<tr>
<th>Article</th>
<th>Imports (in wagons)</th>
<th>Exports (in wagons)</th>
<th>Total (in wagons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>42.108</td>
<td>19.088</td>
<td>61.096</td>
</tr>
<tr>
<td>Wood</td>
<td>20.260</td>
<td>17.706</td>
<td>37.309</td>
</tr>
<tr>
<td>Grain</td>
<td>6.718</td>
<td>11.706</td>
<td>18.424</td>
</tr>
<tr>
<td>Magnesium</td>
<td>9.813</td>
<td>8.237</td>
<td>18.050</td>
</tr>
<tr>
<td>Oil seeds</td>
<td>6.895</td>
<td>6.120</td>
<td>13.015</td>
</tr>
<tr>
<td>Sugar</td>
<td>5.030</td>
<td>4.729</td>
<td>9.759</td>
</tr>
</tbody>
</table>

Table 35: Main goods exported from Yugoslavia via railroads through Trieste in 1922 (in quintals)

<table>
<thead>
<tr>
<th>Article</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>999,718</td>
</tr>
<tr>
<td>Charcoal</td>
<td>126,404</td>
</tr>
<tr>
<td>Dry fruits</td>
<td>33,694</td>
</tr>
<tr>
<td>Fresh meat</td>
<td>26,536</td>
</tr>
<tr>
<td>Livestock</td>
<td>16,402 heads</td>
</tr>
<tr>
<td>Wooden products</td>
<td>14,885</td>
</tr>
<tr>
<td>Lentil</td>
<td>10,898</td>
</tr>
</tbody>
</table>

Table 36: Main goods imported to Yugoslavia via railroads through Trieste in 1922 (in quintals)

<table>
<thead>
<tr>
<th></th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>572,743</td>
</tr>
<tr>
<td>Salt</td>
<td>149,396</td>
</tr>
<tr>
<td>Sugar</td>
<td>115,785</td>
</tr>
<tr>
<td>Chemical fertilizer</td>
<td>96,377</td>
</tr>
<tr>
<td>Coffee</td>
<td>54,940</td>
</tr>
<tr>
<td>Mineral oil</td>
<td>52,451</td>
</tr>
<tr>
<td>Rice</td>
<td>41,698</td>
</tr>
</tbody>
</table>


In 1922, 335 Yugoslav boats with a total tonnage of 110,086 sailed into the port of Trieste. However, Yugoslav authorities also possessed the information that companies from Trieste and their sea lines exported around 90% of cement and other goods from Dalmatia. By 1923, the traffic through Trieste reached 95% of the total traffic from 1913, but it started to decrease in 1924. It continued to fall and in 1925 local authorities and companies became worried, which was evident in local press. The main competitor was Hamburg, due to the decision of German authorities to reduce railroad tariffs for all merchandise from Czechoslovakia, Austria, and Hungary on their way to Hamburg.

The Italian merchant marine had far more boats than the Yugoslav, as well as more tonnage. Italian domination characterized the Yugoslav-Italian economic rivalry on the Adriatic Sea. Italy also had better equipped ports and shipyards. The possibility of the transport of merchandise and people by sea greatly influenced Yugoslav-Italian economic relations. Another Italian advantage was that the most important ports on the Eastern coast of the Adriatic, Trieste and Fiume/Rijeka, both well-connected by railroads with the Central Europe, belonged to the Kingdom of Italy. Additionally, both countries protected their economies through a system of customs.

---

354 Ibid.
355 AJ, 148, 123.
e) Currencies and Loans

The question of currency was a serious problem for Italians in Dalmatia, including those in Zara/Zadar and in Yugoslavia as well, in first years after the war. In order to maintain economic vitality in Dalmatia under their reign, Italian authorities stockpiled Habsburg currency – the crown, unlike Venezia Giulia and Venezia Tridentina, where the conversion of crowns into liras already occurred in 1919. The total sum of crowns in Dalmatia was estimated at 600 – 800 million, an enormous sum. After the Treaty of Rapallo and the annexation of Zara/Zadar to Italy, Italian authorities faced a serious problem in the conversion of crowns into liras. The people of Zara/Zadar requested the same conditions for such an exchange as those that had been fixed in Venezia Giulia and Venezia Tridentina.\textsuperscript{357} The lack of investments in Dalmatia and an economic slowdown in Zara/Zadar was quite evident in 1919.\textsuperscript{358}

One of the main concessions made to the people of Zara/Zadar by Italian authorities was the creation of “zona franca” in March 1921. Local products from Yugoslav territories could be exported to Zara/Zadar without the usual taxes and border regulations, which eased the economic situation there. However, the conversion was still heavily criticized in Zara/Zadar, due to the lowest exchange rate in comparison with other ex-Habsburg provinces that fell under Italian rule. The Italian Ministry of Treasury decided on the 10\textsuperscript{th} of June 1921 to remit 60 million liras for conversion of crowns into liras in territories annexed by Italy. Conversion should have been completed by July 1921.\textsuperscript{359} But, the problem of conversion continued for some time. The Santa Margherita Conventions signed in Rome on the 23\textsuperscript{rd} of October 1922 stipulated that the Italian Government would carry out the conversion of crowns possessed by Yugoslav citizens in their bank accounts in Zara/Zadar under the same condition as Italian citizens. On the other hand, the Yugoslav Government would do the same for Italian citizens

\textsuperscript{359} Ibid, 294–297.
who held bank accounts in the Kingdom of SCS.\textsuperscript{360} Emidio Ciarrocca and Josip Jablanović agreed on the conversion of Austrian-Hungarian crowns into Italian liras and Yugoslav dinars on the 29\textsuperscript{th} of November 1924, but the Yugoslav Minister of Finance refused to approve it, due to current regulations in the Kingdom of SCS, causing Yugoslav citizens in Dalmatia and Italian citizens in Zara/Zadar to protest.\textsuperscript{361}

In June 1920, the Italian envoy in Belgrade sent a letter to Rome on the devaluation of the Yugoslav dinar, caused by a bad harvest in Yugoslavia, tax bans on the import of luxury merchandise placed by the Yugoslav Government, as well as foreign loans.\textsuperscript{362} As for the dinar, from 1918 to 1923 its value decreased, from 1923 to 1925 it gradually stabilized, while from 1925 to 1931 it held steady. The dinar started to weaken again in 1931, but it remained relatively stable from 1933 to 1938, while from 1938 to 1941 the dinar constantly lost its value.\textsuperscript{363} In the period between the two world wars, the value of dinar was between two and nine Swiss francs for every 100 dinars. The unstable value of the dinar influenced the fluctuation of prices and share of capital.\textsuperscript{364}

As for the lira, in 1922 one American dollar valued at 19,9 liras and one British pound at 97,5 liras. The Italian currency lost its value in the next few years and in 1925 one dollar equaled 24,81 liras, while one pound equaled 120,0 liras.\textsuperscript{365} The average exchange rate of the lira in comparison with the pound, before the beginning of “the battle of the lira” in 1926, is shown in Table 37:

\begin{table}
\centering
\begin{tabular}{|c|c|}
\hline
Exchange Rate & Value \\
\hline
American Dollar & 19,9 liras \\
British Pound & 97,5 liras \\
\hline
\end{tabular}
\caption{Average Exchange Rate of the Lira}
\end{table}

\textsuperscript{360} I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia, 110–111.
\textsuperscript{361} ASDMAE, AC, p. 28.
\textsuperscript{362} ASDMAE, AC, b. 169, p. 28.
\textsuperscript{363} Goran Nikolić, Kurs dinara i devizna politika Kraljevine Jugoslavije 1918–1941, Beograd 2003, 74–75.
\textsuperscript{364} Mijo Mirković, Ekonomsko historija Jugoslavije, 342.
\textsuperscript{365} Gianni Toniolo, L’economia dell’Italia fascista, 94–95.
Table 37: The average exchange rate of the lira for one British pound in London (1914–1925)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exchange Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td>26.24</td>
</tr>
<tr>
<td>1918</td>
<td>37.60</td>
</tr>
<tr>
<td>1919</td>
<td>41.54</td>
</tr>
<tr>
<td>1920</td>
<td>77.46</td>
</tr>
<tr>
<td>1921</td>
<td>91.19</td>
</tr>
<tr>
<td>1922</td>
<td>93.74</td>
</tr>
<tr>
<td>1923</td>
<td>99.64</td>
</tr>
<tr>
<td>1924</td>
<td>101.43</td>
</tr>
<tr>
<td>1925</td>
<td>133.26</td>
</tr>
</tbody>
</table>


In 1926, the value of the lira fell to its lowest of 153.68 liras per pound, but at the end of the same year one pound equaled 107.93 liras. In June 1927, one pound equaled 88.09 liras. The battle of the lira” was successful, but it increased the unemployment rate in the industrial sector, at the same level from autumn 1922. Therefore, according to some Italian industrialists “quota 90” was a mistake and the process of revaluation was conducted too recklessly and suddenly.

From 1918 to 1929, the problem of currency stabilization and exchange rates was in the spotlight in many countries, but the gold standard returned. In Italy, the Fascists sparked an economic revival, stabilized the lira’s exchange rate and bound the monetary policy to the gold standard. In December 1927, the lira was again bound to gold (92.46 liras per pound), and thus the official reintroduction of the gold exchange standard.

---

366 Salvatore La Francesca, *La politica economica del fascismo*, 17.
In late December 1921, the Italian Ministry of Foreign Affairs received information on the new regulations at border crossings into the Kingdom of SCS. All passengers in transit through Yugoslavia would have to declare all money in their possession. If they did not do so, the money they held while leaving Yugoslavia would be considered of Yugoslav origin, and would be taken away by customs officers. The Italian Legation in Istanbul expressed concern, finding this as an obstacle for those who would travel via the orient express from Italy to Turkey and vice versa. Italians were afraid of eventual abuses at the border. They issued an important announcement for passengers to Yugoslavia, in which they informed them about the new rule, where they would be allowed to enter to the Kingdom of SCS at a maximum of 3,000 Italian liras. The amount, up to 3,000 liras, would be written in their passports, and they would be allowed to bring back with them the same amount as written, when exiting the country.\footnote{ASDMAE, AC, b. 170, p. 28.} A sum of money not written in passport would be taken away. Thus, Yugoslav officers took 51 liras from Giuseppe Colli, the administrative director of “La Stampa” from Torino, in June 1923, because he failed to declare it.\footnote{Ibid.}

In October 1922, the Yugoslav Ministry of Finance passed a new regulation on the buying and selling of foreign currencies in the Kingdom of SCS. The Italian Legation in Belgrade informed the Economic Department of the Ministry of Foreign Affairs in Rome, finding that trade between Yugoslavia and other countries would suffer. However, such a restriction rapidly strengthened dinar, with a value of 0.24 lira for one dinar, before the new regulation, and 0.48 lira for a dinar, thereafter. However, all businessmen selling at the Yugoslav market found themselves in a precarious situation, because they would rarely charge for their goods. The prohibition on buying foreign currencies and the ban on exporting domestic currency, enforced the buying of Yugoslav merchandise and its export to Italy. Although the Italian envoy in Belgrade knew that Yugoslav businessmen did not follow those decisions and that it would change, he drew attention to the Yugoslav Government on all negative consequences of such decisions for Yugoslav-Italian economic relations.\footnote{Ibid.}

\footnote{Ibid.}
circumstance in the decisions of the Yugoslav Government was the part that allowed buying of foreign currencies only for goods ordered before the 2nd of September 1922.

„L’Associazione Cotoniera Italiana” complained on the 28th of October 1922 to the Italian Ministry of Industry and Trade, mentioning the losses they suffered, and asked for a resolute action. The Chamber of Commerce and Industry in Trieste wrote to the Italian Government on the 19th of December 1922, explaining that the traffic of currencies through the Kingdom of SCS was considerably hindered and that the market in Trieste greatly suffered, and the damage was some 30 million liras. They plead with the Italian authorities to urge quickly. The Chamber of Commerce and Industry in Genova on the 2nd of January 1923 also noticed problems in the turnover of goods between Italy and Yugoslavia.375

Two Yugoslav ministers Kosta Kumanudi and Lazar Marković went to the Italian Legation in Belgrade in January 1922, with a concrete suggestion to overcome the difficulties regarding payment of loans. While the exchange rate was one lira to 1,5 dinars, the Yugoslav debtors had no problem in paying to their Italian creditors. But, when the exchange rate changed to one lira to three dinars, a serious problem ensued. Debtors complained to the Yugoslav Government, asking for help. The Yugoslav government was more interested in maintaining good relations with its war allies, including Italy, rather than with Austria and Germany. Thus, the Yugoslav ministers told the Italian diplomatic envoy that the immediate payment of debts by the Yugoslavs would cause chaos in Yugoslav-Italian trade, and in that case, Yugoslav tradesmen would completely turn to German and Austrian partners. In order to avoid this situation, Kumanudi and Marković suggested to resolve the problem with friendship and with mutual tolerance. The Italian envoy understood the worries and good intentions of the Yugoslav side, but he also understood the interests of Italian creditors, who claimed between 25 and 40 million liras. Yugoslav ministers proposed a concrete suggestion: an Italian bank would intervene as a mediator between Yugoslav debtors and Italian creditors. While paying off their loans, that bank would have a strong guarantee, such as mortgages on debtors’ collateral i.e. real estate. Yugoslav officials

375 Ibid.
believed that additional problems in the economic relations between the two countries would be avoided, if the Italian side agreed with that one suggestion. They hoped that the Italian Government would send a confidential person to Belgrade, who would arrange the details.\footnote{ASDMAE, AC, b. 169, p. 28.}

Luciolli, the chief of the Italian Delegation for Economic Negotiation with Yugoslavia, proposed to the Economic Department of the Ministry of Foreign Affairs to accept the Yugoslav suggestion, which would surely strengthen Italian positions in future talks with Yugoslav authorities. During March 1922, the Italian Government discussed the suggestion of two Yugoslav ministers, but without a definitive decision.\footnote{Ibid.} However, Italian authorities would not ascend to the Yugoslav suggestion and they were not ready to take such a risk, having in mind the interests of creditors. Basically, the Yugoslav side was not able to show strong enough a guarantee to satisfy the Italian side.

In mid-March 1922, the Yugoslavs proposed an initiative for a new moratorium, i.e. the repayments of debts. That was a reason for French and Belgian protests. The company “Fratelli Diena” from Torino wrote on the 16\textsuperscript{th} of June 1922 to the Economic Department of the Italian Ministry of Foreign Affairs, informing them about their debtors in Yugoslavia which bought merchandise from this company from 1912 to 1914. However, in line with the new moratorium they would pay off their debts to “Fratelli Diena” on the pre-war exchange rate, which was absolutely unacceptable for this company. In fact, the law on moratorium in Serbia was passed in 1912, and amended in 1914, but proved ineffective in 1920. However, its extermination was postponed. Actually, the Government of the Kingdom of SCS was concerned for its citizens who had taken loans from abroad. Under the pressure of some opposition political parties, it prepared the new law on moratorium, hoping to find a way to help debtors.\footnote{Ibid.}

It was in the great interest of Italy to continue their economic penetration into Yugoslavia, and loans provided one possible way. Yugoslavia searched for money abroad, so that it could carry out public

\footnote{Ibid.}
works, and it offered its real estate as a guarantee. Wishing to make a gesture of good, “La Banca d’Italia” asked the Italian Government on the 9th of May 1924 for a strong guaranty, in order to give credits to Yugoslavia, which was supported by Mussolini. There was also a plan that “La Banca Popolare” from Milano would lend the Kingdom of SCS some 300 – 400 million liras, but they also did not receive a desirable guarantee. The same happened with the group of banks: “La Banca Commerciale Italiana”, “Il Credito Italiano”, “La Banca Nazionale di Credito”, “Il Banco di Roma”, which all together proposed a loan to Yugoslavia at a value of 500 – 600 million liras.379 The lack of credits in Yugoslavia became evident by 1924.380

In July 1925, the Italian envoy in Belgrade informed his chiefs on the new exchange rate of dinar, valued at 0.49 liras. Just a few years earlier, in 1922 and 1923, one dinar equaled 0.10 liras. Foreign loans influenced the revaluation of the dinar.381 An influx of foreign capital strengthened the dinar and all persons and companies who wanted to take out a loan or loans were obliged to inform the Ministry of Finance. Evidence was kept from 1923 to 1927. Yugoslavia received Italian liras at a total value of 67.468.5 dinars.382

On the 27th of March 1929, the Yugoslav Legation in Rome asked for information from the Italian authorities on fake liras, which appeared in Italy and Yugoslavia, as well. In the next month, they received the information that counterfeit banknotes were almost identical to the real ones.383

The exchange rate between the dinar and lira fluctuated in the period between the two world wars. Slight overestimates of the dinar at lira since the middle of 1920s did not diminish the active trade balance Yugoslavia had with Italy. The dinar started to be underestimated with reference to the lira in early 1930s, which was also a consequence of a strong lira in 1933, 1934 and 1935. That destimulated Yugoslav imports from Italy, which at that time did not increase in line with a raise of overall Yugoslav imports. Depreciation of the lira since 1936

379 ASDMAE, AC, p. 28–29.
381 ASDMAE, AC, p. 28–34.
382 AJ, 81, 1–3.
383 ACS, MT–DGT, PS–DS, b. 3, f. 18.
made dinar overestimated, and caused much less activity in the trade exchange with Italy.\textsuperscript{384}

Table 38: The exchange rate of Italian lira and Yugoslav dinar to one American dollar at the Stock Market in Belgrade (1920–1940)

<table>
<thead>
<tr>
<th>October</th>
<th>Lira</th>
<th>Dinar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>26.72</td>
<td>35.00</td>
</tr>
<tr>
<td>1921</td>
<td>24.66</td>
<td>64.58</td>
</tr>
<tr>
<td>1922</td>
<td>23.57</td>
<td>62.23</td>
</tr>
<tr>
<td>1923</td>
<td>22.12</td>
<td>85.63</td>
</tr>
<tr>
<td>1924</td>
<td>22.95</td>
<td>70.02</td>
</tr>
<tr>
<td>1925</td>
<td>25.06</td>
<td>56.35</td>
</tr>
<tr>
<td>1926</td>
<td>24.32</td>
<td>56.51</td>
</tr>
<tr>
<td>1927</td>
<td>18.27</td>
<td>56.70</td>
</tr>
<tr>
<td>1928</td>
<td>19.10</td>
<td>56.91</td>
</tr>
<tr>
<td>1929</td>
<td>19.07</td>
<td>56.55</td>
</tr>
<tr>
<td>1930</td>
<td>19.09</td>
<td>56.33</td>
</tr>
<tr>
<td>1931</td>
<td>19.28</td>
<td>56.05</td>
</tr>
<tr>
<td>1932</td>
<td>19.43</td>
<td>57.38</td>
</tr>
<tr>
<td>1933</td>
<td>12.68</td>
<td>38.42</td>
</tr>
<tr>
<td>1934</td>
<td>11.54</td>
<td>33.82</td>
</tr>
<tr>
<td>1935</td>
<td>12.22</td>
<td>43.59</td>
</tr>
<tr>
<td>1936</td>
<td>18.93</td>
<td>43.34</td>
</tr>
<tr>
<td>1937</td>
<td>18.87</td>
<td>43.15</td>
</tr>
<tr>
<td>1938</td>
<td>18.89</td>
<td>43.72</td>
</tr>
<tr>
<td>1939</td>
<td>19.73</td>
<td>44.33</td>
</tr>
<tr>
<td>1940</td>
<td>19.81</td>
<td>44.55</td>
</tr>
</tbody>
</table>


\textsuperscript{384}Goran Nikolić, \textit{Kurs dinara i devizna politika Kraljevine Jugoslavije 1918–1941}, 207.
Based on this Table, one can create a direct exchange rate of the lira and dinar, i.e. the amount of dinars per one lira.\textsuperscript{385}

Table 39: Direct exchange rate of Italian lira to Yugoslav dinars (1920–1940)

<table>
<thead>
<tr>
<th>October</th>
<th>Dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1.310</td>
</tr>
<tr>
<td>1921</td>
<td>2.619</td>
</tr>
<tr>
<td>1922</td>
<td>2.640</td>
</tr>
<tr>
<td>1923</td>
<td>3.871</td>
</tr>
<tr>
<td>1924</td>
<td>3.051</td>
</tr>
<tr>
<td>1925</td>
<td>2.249</td>
</tr>
<tr>
<td>1926</td>
<td>2.324</td>
</tr>
<tr>
<td>1927</td>
<td>3.104</td>
</tr>
<tr>
<td>1928</td>
<td>2.979</td>
</tr>
<tr>
<td>1929</td>
<td>2.619</td>
</tr>
<tr>
<td>1930</td>
<td>2.951</td>
</tr>
<tr>
<td>1931</td>
<td>2.907</td>
</tr>
<tr>
<td>1932</td>
<td>2.953</td>
</tr>
<tr>
<td>1933</td>
<td>3.029</td>
</tr>
<tr>
<td>1934</td>
<td>2.930</td>
</tr>
<tr>
<td>1935</td>
<td>3.567</td>
</tr>
<tr>
<td>1936</td>
<td>2.290</td>
</tr>
<tr>
<td>1937</td>
<td>2.287</td>
</tr>
<tr>
<td>1938</td>
<td>2.315</td>
</tr>
<tr>
<td>1939</td>
<td>2.247</td>
</tr>
<tr>
<td>1940</td>
<td>2.249</td>
</tr>
</tbody>
</table>

\textsuperscript{385} 1 US dollar = 26.72 liras  
1 lira = X dinars  
35 dinars = 1 US dollar  

\[ X = \frac{35 \times 1 \times 1}{26.72 \times 1} = 1.310 \text{ in the year of 1920 etc.} \]
Table 40: Overestimates and underestimates of the Yugoslav dinar in Italian liras (1920–1938)

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation in Yugoslavia 1913=100</th>
<th>Inflation in Italy 1913=100</th>
<th>Coefficient of inflation in Yugoslavia/inflation in Italy</th>
<th>Index (decrease) in the exchange rate of dinar to lira 1913=1</th>
<th>Coefficient/index (% underestimates or overestimates)</th>
<th>Overestimates or underestimated of the dinar in relation to the lira</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1.172</td>
<td>682</td>
<td>1.72</td>
<td>1.51</td>
<td>14</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1921</td>
<td>1.036</td>
<td>565</td>
<td>1.83</td>
<td>1.98</td>
<td>-8</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1922</td>
<td>1.415</td>
<td>522</td>
<td>2.50</td>
<td>3.51</td>
<td>-29</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1923</td>
<td>1.970</td>
<td>554</td>
<td>3.56</td>
<td>4.29</td>
<td>-17</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1924</td>
<td>2.029</td>
<td>573</td>
<td>3.54</td>
<td>3.40</td>
<td>4</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1925</td>
<td>1.804</td>
<td>640</td>
<td>2.82</td>
<td>2.33</td>
<td>21</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1926</td>
<td>1.526</td>
<td>626</td>
<td>2.44</td>
<td>2.20</td>
<td>11</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1927</td>
<td>1.560</td>
<td>515</td>
<td>3.03</td>
<td>2.93</td>
<td>3</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1928</td>
<td>1.562</td>
<td>500</td>
<td>3.12</td>
<td>2.99</td>
<td>4</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1929</td>
<td>1.536</td>
<td>487</td>
<td>3.15</td>
<td>2.97</td>
<td>6</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1930</td>
<td>1.322</td>
<td>425</td>
<td>3.11</td>
<td>2.96</td>
<td>5</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1931</td>
<td>1.113</td>
<td>352</td>
<td>3.17</td>
<td>2.95</td>
<td>7</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1932</td>
<td>995</td>
<td>338</td>
<td>2.94</td>
<td>3.13</td>
<td>-6</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1933</td>
<td>983</td>
<td>306</td>
<td>3.21</td>
<td>3.81</td>
<td>-16</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1934</td>
<td>965</td>
<td>300</td>
<td>3.22</td>
<td>3.77</td>
<td>-15</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1935</td>
<td>1.006</td>
<td>326</td>
<td>3.09</td>
<td>3.61</td>
<td>-14</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1936</td>
<td>1.044</td>
<td>369</td>
<td>2.83</td>
<td>3.17</td>
<td>-11</td>
<td>Underestimated</td>
</tr>
<tr>
<td>1937</td>
<td>1.140</td>
<td>429</td>
<td>2.66</td>
<td>2.28</td>
<td>17</td>
<td>Overestimated</td>
</tr>
<tr>
<td>1938</td>
<td>1.195</td>
<td>459</td>
<td>2.60</td>
<td>2.27</td>
<td>14</td>
<td>Overestimated</td>
</tr>
</tbody>
</table>

The question of Austrian-Hungarian crowns and their exchange into liras created obstacles to the economic life of the people in Dalmatia after the First World War. In the period between the First and Second World Wars, the exchange rate between the Yugoslav dinar and Italian lira was less favorable for Yugoslav debtors, who faced difficulties paying off loans to Italian creditors. Selling credits to Yugoslav companies was precisely one of the methods of Italian economic penetration into Yugoslavia, which was of great strategic interest for Italy.

f) Institutions of Economic Cooperation

Brothers Giulio and Salvatore Randazzo founded “Unione Italo-Jugoslava”, which started with its activities in Rome in April 1921. The main business of this firm was the importation of grain from Yugoslavia. The Randazzo brothers founded a new company in September 1923, “Armido Basilisco”, which exported Italian products to the Kingdom of SCS.386

In February 1923, Italian authorities found out about the possible foundation of a Yugoslav trade agency in Milano. The director of such an agency would be Avram Lević, a businessman of Jewish origin, prominent in financial and trade circles in Belgrade. The agency would work on the enhancement of Yugoslav-Italian economic relations. Bruno Mayer, from “La Direzione Centrale del Credito Italiano” in Milano, supported such an initiative and his argument was the vast trade exchange between the Kingdom of Italy and the Kingdom of SCS. The Ministry of Foreign Affairs responded in a positive manner, but they also wanted to see the principle of reciprocity, and they suggested the establishment of a similar agency in Yugoslavia. But, they did not have a positive opinion about Spalato/Split, as a possible seat of such an agency. Although the town was a center of the cement industry and trade, it was not well-connected with its hinterland. There was an opinion that the founding of the aforementioned agency in Milano would give an additional measure of confidence for those who had already worked

386 ASDMAE, AC, b. 168, p. 23–11.
on improving economic relations between the two countries. They also expressed a need for founding several other agencies, which would contribute to the same goal. But, during autumn 1923 the agency in Milano was not yet founded.\textsuperscript{387} However, it was later established, as “L’Agenzia commerciale privilegata”, with the same status as those in Bari, Genova, Fiume/Rijeka and Trieste.\textsuperscript{388}

The idea on establishing the Italian-Yugoslav Chamber of Commerce in Rome, and the Yugoslav-Italian Chamber of Commerce in Belgrade came to fruition in February 1924. A promoting committee of such an idea addressed to all chambers of commerce in the Kingdom of SCS, asking if they were ready to participate. They also addressed to the Ministry of Trade and Industry in Rome, looking for their opinion. The next month, the promoting committee gathered its members in Rome, mostly prominent businessmen and industrialists. The Italian-Yugoslav Chamber of Commerce, founded in February 1924, had a seat in Rome, and its president was Dr. Ernesto Civelli. It had offices in Ancona, Bari, Milano and Trieste.\textsuperscript{389} After it had been established, the Yugoslav diplomatic envoy in the Italian capital received a visit from its delegation. During the visit, they expressed a mutual interest in creating several similar chambers in Yugoslavia.\textsuperscript{390}

Already on the 26\textsuperscript{th} of March 1924, the Italian-Yugoslav Chamber of Commerce signed an agreement with “La Banca Popolare Fiumana” on cooperation aiming to improve economic relations between Italy and Yugoslavia. It was signed by Ernesto Civelli and Amleto Vio. They agreed that the broadening and increasing of the trade exchange between the two countries, and Italian economic penetration in Yugoslavia, should be their special interests. In line with that thinking, “La Banca Popolare Fiumana” (with 70% of Italian capital) would invest 8 million in various shares. The bank would also hold five positions in the Italian-Yugoslav Chamber of Commerce.\textsuperscript{391}

Together with some other economic factors, representatives of the Italian-Yugoslav Chamber of Commerce were invited on the 10\textsuperscript{th} of May

\textsuperscript{387} Ibid.
\textsuperscript{388} AJ, 65, 241–731.
\textsuperscript{389} AJ, 334(KPO), 496–1595.
\textsuperscript{390} AJ, 373, 2–4.
\textsuperscript{391} Ibid.
1924 to the Yugoslav Legation in Rome, to participate in consultations at the economic exposition and convention that would take place in the middle of June in Padova. There would be a meeting of industrial and trade chambers from Italy and Yugoslavia, with a program comprised of five sessions: 1. Connections and traffic, 2. Customs, 3. Banks, 4. Informative services, and 5. Various issues.\(^{392}\)

An initiative to create a similar chamber was also present in Trieste, where the main role was the one of “La Banca Adriatica”. The Yugoslav Consulate in Trieste asked for instructions to further the steps regarding that action. According to them, it would be best if Italian authorities would allow exclusively the establishing of Yugoslav chambers in Italy, and Yugoslav authorities would return the favor by allowing them to establish exclusively Italian chambers in the Kingdom of SCS. Thus, one chamber would be created in Rome, with affiliations in Milano, Bari and Trieste, and one chamber would be created in Belgrade, with affiliations in Zagreb, Ragusa/Dubrovnik and Ljubljana.\(^{393}\)

In March 1925, the Trade Agency of the Kingdom of SCS in Fiume/Rijeka was active, and its chief was Gavra Stejić. Officially, his role was to supply adequate information to all Yugoslav citizens who would have a business there. However, the agency engaged in spying activities, and Stejić was deported from the town in April 1925. A few days later, Yugoslav authorities protested.\(^{394}\) Stejić also cheated a tradesman for 20,000 liras.\(^{395}\) Yugoslav authorities closed the Agency in May 1925.\(^{396}\) The idea on establishing a local Yugoslav-Italian chamber of commerce in Fiume/Rijeka in March 1926 did not meet the Yugoslav approval.\(^{397}\)

The Yugoslav Government showed resistance to the possibility of opening some kind of Italian economic center in Spalato/Split. In January 1924, the Italian General Consulate in Spalato/Split prepared a project on founding a chamber of commerce, which would improve economic relations. However, already in July 1924, they were aware

\(^{392}\) Ibid.
\(^{394}\) ASDMAE, AC, p. 10–15, s. 11–6.
\(^{396}\) AJ, 334(KPO), 497–1596.
\(^{397}\) AJ, 334(KPO), 496–1595.
that Yugoslav authorities would hardly allow it. The Italian Consul General wrote in the same month that the foundation of such a chamber was of vital Italian interest, not only because of Spalato/Split and its importance for Dalmatia, but also because 10,000 Italians lived there, and they were eager to buy all sort of Italian products, rather than Yugoslav products. However, local authorities were the toughest opponents of such a chamber. They gained influence at the Yugoslav Ministry of Finance which expressed their negative attitude on such a possibility. The Italian envoy, Bodrero, believed that the Yugoslav Government was afraid of Italian political influence in Dalmatia, which would follow the economic influence.\textsuperscript{398} The Consul General informed the Italian Ministry of Foreign Affairs in May 1925 that anti-Italian sentiment was the cause of all obstructions regarding the foundation of the chamber.\textsuperscript{399}

During 1924, the foundation of an Italian credit institution or bank in the Kingdom of SCS became a current issue. From the Italian point of view, there were a few aggravating factors: payability of such an institution, instability in the Yugoslav currency, and the generally bad economic situation in Yugoslavia. However, the interest and need for such a bank was more than evident, especially in the effort to penetrate the Italian capital into Yugoslavia. “La Banca Popolare Italiana” appeared as a possible founder. Its director was Amleto Vio, and the bank held a capital of some 12,000,000 liras, of which 70% was capital from Fiume/Rijeka, and 30% capital from Yugoslavia. However, their opponent was “La Banca Adriatica” from Trieste, as well as “La Banca Nazionale di Credito”. Bearing in mind that there were several interested factors, the Italian Legation appealed to them not to waste time and money, but to try and organize only one institution. Ernesto Civelli, a president of the Yugoslav-Italian Chamber of Commerce in Rome, was ready to help in penetrating the Yugoslav market.\textsuperscript{400}

The main Yugoslav promoters of the Yugoslav-Italian banking cooperation were prominent businessmen and industrialists: Dimitrije J. Živadinović, Nikola Jozić, Živko Bogdanović, Mita Marković, Ljubomir Srećković, Milutin Stanojević, Marko Đurić, Nastas Petrović.

\textsuperscript{398} ASDMAE, AC, p. 10–15, s. 11–2.
\textsuperscript{399} Ibid.
\textsuperscript{400} ASDMAE, AC, p. 28–13.
Yugoslav-Italian Economic Relations (1918‒1941)

(“grande amico d’Italia”), Bogdan Marković, and Jovan T. Marković. They certainly saw their own interest in tightening the economic collaboration between the two countries. The Yugoslav Minister of Finance, Milan Stojadinović, realized all advantages of such a cooperation, which would be brought by the bank foundation, but he also suggested in March 1924 the foundation of a similar Yugoslav bank in Milano.\textsuperscript{401}

However, a Serbo-French banking lobby strongly opposed against those activities, which worried the Italians, especially because they had more influence in the Yugoslav Government. Thus, the Italian envoy in Belgrade complained about it on the 15\textsuperscript{th} of March 1926, and he stressed again that such an institution, which had not yet been founded, would have an important role for all Italians who had their business in Yugoslavia.\textsuperscript{402}

In April 1925, the Italian Institute for Trade and Colonial Expansion in Milano received a complaint from Giacomo Facci from Spalato/Split. He wrote about Yugoslav activities aiming to suppress Italian economic positions in Dalmatia. He wanted to develop trade arrangements, but two Dalmatians, Ivan Foretić and Juraj Perić, impeded him. Actually, Foretić was an agent of “Puglia”, and it was all about the competition of Italian companies. The Italian General Consulate in Spalato/Split explained that Giacomo Facci was from Trento, and he arrived in Dalmatia immediately after the First World War, where he worked as an agent of various Italian companies, but without much success, due to his peevish character. Although, they did not deny his notion that Yugoslav authorities put pressure on Italian businessmen and their economic interests in Dalmatia.\textsuperscript{403}

However, in late July and early August 1926, a group of 40 Italian students from the School of Commerce in Trieste were on excursion in Spalato/Split. Bearing in mind that Yugoslav students had always been well-hosted in Italy, local Yugoslav authorities in Spalato/Split decided to put forth additional efforts to host young Italians, but also to show them the trade and industrial potential of Spalato/Split and the local area.\textsuperscript{404}

\textsuperscript{401} Ibid.
\textsuperscript{402} ASDMAE, AC, p. 4–6, s. 4–15.
\textsuperscript{403} ASDMAE, AC, p. 28–27.
\textsuperscript{404} AJ, 65, 13–98.
In February 1924, two Dalmatians, Niko Mirošević and Antonije Filipić, started in February 1924 publishing a bilingual review in Milano titled *Ital-Jug: Rassegna Economico-Commerciale Italo-Jugoslava per lo sviluppo dei rapporti economici tra Italia e Jugoslavia / Jugoslovensko-Italijanski Privredno-Trgovinski Časopis za unapređenje privrednih odnosa između Jugoslavije i Italije*. Mirošević was a clerk in “Il Credito Italiano”, while Filipić was an employee of the Yugoslav Consulate General in Milano. They developed such an idea in order to inform all Yugoslav and Italian economic factors about any kind of news regarding the economy in those countries, and to improve economic cooperation between them. The review was published under the control of the Yugoslav Consulate General in Milano, but in October 1925, they were unable to provide some subventions to the review. It was regularly published until the Second World War.

“La Camera di Commercio Italo-Orientale”, with a seat in Bari, would become active in late 1920s in improving economic relations between Southern Italy and countries in South-Eastern Europe and the Middle East.

*  

Trading agencies and chambers of commerce had an important role in Yugoslav-Italian economic relations. However, their establishment and work also maintained a political character. Both countries, as well as individuals involved in business, had a clear interest in making the institutions of Yugoslav-Italian cooperation as effective as possible. However, political events occasionally hampered their work.

---

405 AJ, 334(KPO), 496–1595.
Conclusions

Economic relations between Italy and South Slavic countries and provinces were already established in the 19th century. Italian endeavors for the economic penetration of the eastern Adriatic coast were not motivated only by economic interests, but also by political interests. Economic penetration was an instrument of the Italian tendency to establish itself as an imperialistic power. Italian analyses of the Yugoslav economy, written after the First World War, indicated excellent possibilities for Yugoslav-Italian economic relations. There were estimates that Italy would be capable to export to Yugoslavia rice, cotton, and various textile and industrial products, and to import from Yugoslavia wood, grain, livestock, meat, eggs and cement. These analyses would be later proved as correct. Namely, importation to Yugoslavia was entirely free until 1930s, and the need for all kinds of goods, especially industrial products, was particularly expressed after the First World War, due to an evident lack of means for the renewal of the country. However, Yugoslavia, as well as Italy, occasionally placed a ban or other forms of restriction on exports and imports of certain articles, endeavoring to protect its economic interests.

Current figures of Yugoslav statistics show that from the end of the First World War until the beginning of the Great Economic Crisis, Yugoslav exports to Italy were the lowest in 1921 (23,4% of all Yugoslav exports) and the highest in 1924 (28,9%). The most favorable was the period from 1922 to 1924 (28,1% – 28,9%), after which began the fall. Yugoslav imports from Italy were the highest in 1920 (36,6% of all Yugoslav imports) and in 1924 (20,5%), and until 1929 (10,8%) decreased constantly. Yugoslavia had passive trade balance with Italy only in 1920 and 1921. On the other hand, constant figures show that the most favorable years of Yugoslav exports to Italy were 1924–1926, and 1929, while regarding Yugoslav imports from Italy constant figures match with current figures showing that 1920 was unrepeatable. Italian statistics show that Italian imports from Yugoslavia reached its highest point in 1926, and in the same year Italian exports to Yugoslavia, which reached a pinnacle in 1925, started to decrease.
Agricultural production with an underdeveloped industry characterized the economic structure of Yugoslavia. Due to the slow development of capitalism and the war destructions of 1914–1918, especially in the eastern parts of the country, the Yugoslav economy remained backward. However, the newly-formed country on the eastern shores of the Adriatic Sea held excellent natural preconditions for the economic development, such as agrarian, wooden and mine potentials, as well as great energy sources. On the other hand, trade had a very important role in the Italian economy, and the years from 1922 to 1925 were a period of Italian economic recovery. Extensive trade exchange with Yugoslavia had some role in that process. During this period, Italian exports increased due to significant orders from Yugoslavia, particularly in the field of textile industry. But, the Italian trade deficit was still high in 1925.

The growth of the world economy from 1924 to 1929 was noticeable, and exactly in this period a slowdown occurred in Yugoslav-Italian trade, as the most important component of Yugoslav-Italian economic relations. An additional irony was the decrease that followed after the Agreement on Trade and Navigation between Yugoslavia and Italy had been signed in 1924. Namely, negotiations already started in 1919 and ended in July 1924, when the two delegations finally agreed in Belgrade to give each other a status of the most privileged nation. Based on this nutshell, full freedom in trade and navigation should have been provided. This agreement was a legal foundation for Yugoslav-Italian economic relations, but some of its provisions were modified during the 1930s, by the application of a system of quotas and currency limitations.

Nonetheless, the first half of 1920s (1920–1925/1926) was “the golden age” of Yugoslav-Italian trade exchange and economic relations in total. The fall began after these years, especially regarding Italian exports to Yugoslavia. There were several reasons for this, such as the lack of demand for imports from Yugoslavia (unlike immediately after the war when orders for all kinds of goods rose sharply), the purchasing power of Yugoslav citizens decreased, new economic circumstances required more engagements by Italian businessmen, which were lacking, and competition from other countries in the Yugoslav market became stronger, pushing back the Italians.
The most important merchandise exported from Yugoslavia to Italy was wood, especially construction timber. Over half of all Yugoslav exports of wood, either in value or in weight, went to Italy. Italy was also a great importer of Yugoslav agricultural goods, particularly grain. Yugoslavia played a significant role in supplying the Italian market with livestock, and in the period 1922–1924, Yugoslav exports of livestock was larger than the exports of all other countries which participated in the Italian market. In all, Italy was a destination for over 80% of all Yugoslav exports of livestock. Besides wood, grain and livestock, Italy imported Yugoslav meat, meat products, eggs, vegetables, fruits, herbs, soil and stone. On the other hand, Yugoslav imports from Italy were more heterogeneous, and a variety was especially noticeable in the early 1920s. However, cotton, various textile products and rice were the most imported Italian goods in Yugoslavia.

Italy was a destination for around 25% of all Yugoslav exports (in 1924, 28.9%). Italy ranked first in Yugoslav exports and fourth in Yugoslav imports. Therefore, Yugoslav economic stability partially relied on good economic relations with Italy. In the same time, only 2.16% of all Italian exports went to the Yugoslav market. That also shows a certain disproportion in the Yugoslav-Italian trade exchange. Italy more imported from Yugoslavia, than exported to Yugoslavia, and therefore its trading balance was passive for most of this time, except in 1920 and 1921. Thus, Yugoslavia remained more interested in good economic relations with Italy.

However, Italy continue to hold a great interest to economically penetrate into Yugoslavia, and one of the means for this penetration were loans, bearing in mind that Yugoslavia looked for financial means abroad. But, the exchange rate between the Yugoslav dinar and Italian lira was less favorable for Yugoslav debtors, who faced difficulties paying off loans to Italian creditors. The exchange rate between the two currencies changed during the period 1920–1940. Slight overestimates of the dinar to lira since the mid-1920s did not diminish active trade balance that Yugoslavia had with Italy. A strong lira (1933–1935) diminished Yugoslav imports from Italy, which at that time did not increase in line with a rise of overall Yugoslav imports. Depreciation of the lira since 1936 made the dinar overestimated, but caused much less activity in the trade exchange with Italy.
Important factors for good economic relations between Yugoslavia and Italy were opportune possibilities of transport over the Adriatic Sea. The Italian merchant marine was superior and Italian ports better equipped. Italy ranked first in Yugoslav exports by sea (1925–1927) and second in Yugoslav imports by sea. Italian ships exported more from Yugoslav ports than Yugoslav ships, and around 70% of Yugoslav exports by sea went via Italian hands. This supremacy was also because the most Yugoslav exports went to Italy. Italy also mediated in the Yugoslav trade exchange with other countries. Yugoslav-Italian rivalries on the Adriatic Sea, as well as occasional incidents, did not seriously endanger Yugoslav-Italian trade.

Yugoslav-Italian economic relations from 1918 to 1929 were more determined by historical inheritance, compatibility of their economic structures, geographic positions and conditions of transport, than by political relations between the two countries. There was also a certain mismatch between political and economic relations between Yugoslavia and Italy. However, the case of Italy was not unique. Yugoslavia had better economic relations with countries with which it did not have good political relations, including Germany and Austria. At the same time, with its most important political ally, France, the Kingdom of SCS did not develop significant economic relations. A reason was certainly evident, the compatibility of Yugoslav economic structure from one side, and Italian, Austrian and German economic structures from the other.
Part II: Yugoslav-Italian Economic Relations during the Great Economic Crisis (1929–1933)

a) The Crisis and its Impact on the Yugoslav and Italian Economies

The Great Economic Crisis (1929–1933) was one of the turning points between the First and Second World Wars (1918–1939). Its destructive impact would also impart severe consequences in the realm of the international relations. It greatly changed the world economy, but it also influenced political affairs. Although its consequences in international relations did not appear at the same time as in the economic sphere, changes brought by the crisis in each country inevitably impacted policy and relations between countries, especially during the climax of the crisis. On one side there were countries unsatisfied by the “Versailles order”, where nationalism became more evident and aggressive, while on the other side there were countries which defended the order established by the Paris Peace Conference (1919–1920).

The crisis started in the United States of America, with the crash of the stock market in New York on the 24th of October 1929. Soon after, it hit Europe, where Germany had been fighting serious economic difficulties since 1928. Those two countries were the most affected by the crisis. However, it did not fail to affect other countries, and most of them were wrapped up in the crisis by 1932. The crisis caused a drop in industrial production, in turn affecting international trade, which decreased by one third in value, and three quarters in amount.408 The crisis destroyed the liberal trading order and the international capital market collapsed. The impact of the crisis on world GDP was larger than that of the First World War, though consumption did not fall as much as GDP, whereas the opposite had been the case during the First World War.409

One of reasons behind the crisis was a contrast between limitless production and limited consumption. The crisis in production

408 Vera Zamagni, Dalla rivoluzione industriale all’integrazione europea: breve storia economica dell’Europa contemporane, 172.
409 Angus Maddison, Monitoring the World Economy 1820–1992, 68.
ineluctably had to reflect itself on the stock market and to cause a sharp fall in the value of shares.\textsuperscript{410} The banking crisis in Germany, where British financial assets were frozen, caused the abandoning of the gold standard in Great Britain in 1931, triggering other countries to do the same, especially those whose systems were more or less tied to the British pound. Besides, many countries, due to monetary instability, started with a strong protectionist policy, and in 1932 many of them increased customs tariffs. The tariff strife was severe in 1931 and 1932. New restrictions in international trade appeared, such as direct quantitative limitations of imports and exports. From the second half of 1931, the international trading system was more impeded, and the total value of the exchange decreased. World trade reached its nadir in 1933, when it was diminished by about 65\% in comparison with 1929.\textsuperscript{411}

Table 41: The fall of the total value of world trade
(in million of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>In total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>35.601</td>
<td>33.040</td>
<td>68.641</td>
</tr>
<tr>
<td>1930</td>
<td>29.087</td>
<td>26.495</td>
<td>55.582</td>
</tr>
<tr>
<td>1931</td>
<td>20.818</td>
<td>18.908</td>
<td>39.726</td>
</tr>
<tr>
<td>1932</td>
<td>13.996</td>
<td>12.902</td>
<td>26.898</td>
</tr>
<tr>
<td>1933</td>
<td>12.485</td>
<td>11.694</td>
<td>24.179</td>
</tr>
</tbody>
</table>


Table 42: The fall of the total value of the world trade
(Index 1929 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>In total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1930</td>
<td>82</td>
<td>80</td>
<td>81</td>
</tr>
<tr>
<td>1931</td>
<td>59</td>
<td>57</td>
<td>58</td>
</tr>
<tr>
<td>1932</td>
<td>39</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>1933</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

Nikola Vučo, \textit{Ekonomsk\'a istorij\'a sveta}, 240.

\textsuperscript{410} Nikola Vučo, \textit{Ekonomsk\'a istorij\'a sveta}, 198.
\textsuperscript{411} Ibid, 240–242.
Import licenses, quotas, and the state monopoly of trade were mostly the result of the fall in prices of agrarian products and protection of domestic agriculture. But, when several countries devaluated their currency, those that did not, faced the threat to receive a large amount of cheap goods from abroad. Therefore, at the end of 1931, Yugoslavia and Italy strengthened quantitative restrictions.\(^{412}\)

In June 1933, a conference on monetary and economic problems took place in London, where representatives of 61 countries participated. The aim of the conference was to ease the control of currency floats and to reduce customs tariffs and other impediments of international trade. Yugoslavia was one of those countries which agreed to call a truce in the “customs war”, but only if countries where Yugoslavia was exporting would do the same, including Italy. However, due to reservations expressed by most countries, they abandoned that suggestion.\(^ {413}\)

The crisis ended in 1933, for some countries, for others in 1934, and its consequences were severe, hampering the normal development of the economy even in the years to follow. In Yugoslavia the crisis manifested itself first in agriculture, spreading to industry after 1930. In the mining industry, the production of iron significantly diminished.\(^ {414}\)

The problem of cereals in Yugoslavia in the early 1930s, as well as in other countries in the Danube region, was actually the problem of its exportation to industrial countries, in order to import necessary industrial products. However, hyper-production and competition from exporters overseas caused the fall in prices and made the exportation of Yugoslav cereals to European countries, including Italy, extremely difficult. The consequence was agrarian protectionism in Yugoslavia. Due to the low prices in agricultural products, the Yugoslav Government established “Privilegovano izvozno društvo – PRIZAD” (The Privileged Exporting Institute) in 1930. Its aim was to buy agricultural products from peasants at higher prices than on the open market, but soon they failed to fulfill this plan, forcing producers to sell their products at much lower prices than previously, which led to a contrary result from the one that had been planned.\(^{415}\)


\(^{414}\) Ibid, 206.

The stabilization of the dinar occurred in May 1931, thanks to the financial means received through foreign loans. However, already in October 1931, restrictions and control on the foreign exchange market were imposed. During the crisis, around 120 private banks were liquidated. Bankruptcies in private banking system in spring 1932, and its consequences on industrial credits, caused a severe drop in industrial production.\textsuperscript{416} From 1929 to 1933, Yugoslav exports decreased from 7.922 million dinars (in 1929) to 3.378 million dinars (in 1933), while Yugoslav imports declined from 7.545 million dinars to 2.883 million dinars.\textsuperscript{417}

Consequences of the crisis in Yugoslavia were as follows: 1. Crisis of organized exports of agricultural products, 2. Decrease of purchasing power of agricultural producers, 3. Decrease in industrial prices, 4. Unemployment, and 5. Difficulties of credit organization in the private banking sector.\textsuperscript{418} Statistics on the Yugoslav import of automobiles, as luxury goods, was one of the indicators of the crisis and its consequences on the purchasing power of Yugoslavs.

Table 43: Yugoslav imports of automobiles

<table>
<thead>
<tr>
<th>Year</th>
<th>Personal cars</th>
<th>Freight cars</th>
<th>Million dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>2.078</td>
<td>537</td>
<td>104.8</td>
</tr>
<tr>
<td>1931</td>
<td>1.366</td>
<td>574</td>
<td>82</td>
</tr>
<tr>
<td>1932</td>
<td>376</td>
<td>173</td>
<td>22.2</td>
</tr>
<tr>
<td>1933</td>
<td>182</td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td>1934</td>
<td>340</td>
<td>152</td>
<td>17.1</td>
</tr>
<tr>
<td>1935</td>
<td>970</td>
<td>203</td>
<td>30.4</td>
</tr>
<tr>
<td>1936</td>
<td>2.396</td>
<td>821</td>
<td>116</td>
</tr>
<tr>
<td>1937</td>
<td>3.030</td>
<td>1.135</td>
<td>158.9</td>
</tr>
<tr>
<td>1938</td>
<td>3.756</td>
<td>1.151</td>
<td>168.7</td>
</tr>
</tbody>
</table>

\textsuperscript{417} Obren Blagojević, \textit{Uvod}, Svetska ekonomska kriza 1929–1934. godine i njen odraz u zemljama jugoistočne Evrope, Beograd 1976, 12.
\textsuperscript{418} Mijo Mirković, \textit{Ekonomska historija Jugoslavije}, 359.
Shortly before the crisis, the Italian economy performed better than in all years after 1918. However, as in other countries, the crisis was not just imported in Italy, it was a result of various preconditions: war consequences, characteristics of the economic development in 1920s, revaluation of lira, etc.419 As in most European countries, Fascist policy to deal with the crisis was directed towards tariff intervention.420 Although, the consequences of the crisis were not as evident as in the beginning, there was a realistic danger to unravel all previous successes. Thus, the Italian Government tried to find a solution by introducing the corporative order, and in March 1930, “Il Consiglio nazionale delle corporazioni” was founded, as an organization in which economy and policy were united, and as a supreme regulator of the Italian economy. In all, there were seven corporations: industry, agriculture, trade, banking, maritime transportation, land transportation, and “professori e arti”.421

The crisis in Italy became even worse in October 1930 and the Italian Government tried to alleviate it, by decreasing prices in the country.422 In Italy, the most difficult year of the crisis was 1932. According to various sources, the level of production decreased, by one third, or by one quarter, or by 14%.423 Production in the metallurgical and mechanical industries, experienced the worst decline, with a decrease to 71,8% (in mechanical industry) and to 71,6% (in metallurgical industry) in 1934 compared to 1929.424

During the crisis, all countries tended to protect domestic agriculture and industry, which inevitably led to a decrease in international trade. In Italy, the reduction of imports proceeded faster than the reduction of exports, and in 1931 the Italian trade deficit was annulled.425 The following year Italy started to forge trade agreements through the clearing, and in December 1932, the Great Fascist Council

419 Gianni Toniolo, L’economia dell’Italia fascista, 133.
424 Gianni Toniolo, L’economia dell’Italia fascista, 166.
urged for the principle of reciprocity in the exchange with abroad. In 1933, “L’Instituto di ricostruzione industriale” (IRI) was founded, and Mussolini spoke about the crisis of the system, not the crisis in the system.\textsuperscript{426} In 1932, the value of Italian exports fell to around 54\% in comparison to 1929.\textsuperscript{427}

#### Table 44: Country distribution of the Italian trade exchange with abroad

<table>
<thead>
<tr>
<th></th>
<th>1927</th>
<th>1929</th>
<th>1932</th>
<th>1935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>9,9%</td>
<td>12,8%</td>
<td>13,9%</td>
<td>18,3%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>8,6%</td>
<td>9,6%</td>
<td>9,0%</td>
<td>7,3%</td>
</tr>
<tr>
<td>France</td>
<td>8,4%</td>
<td>9,6%</td>
<td>5,8%</td>
<td>6,0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,5%</td>
<td>3,9%</td>
<td>3,8%</td>
<td>3,1%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>18,6%</td>
<td>16,5%</td>
<td>13,4%</td>
<td>11,3%</td>
</tr>
<tr>
<td>Other countries</td>
<td>52,0%</td>
<td>47,6%</td>
<td>54,1%</td>
<td>54,0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1927</th>
<th>1929</th>
<th>1932</th>
<th>1935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>14,4%</td>
<td>12,3%</td>
<td>11,4%</td>
<td>16,2%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>9,9%</td>
<td>9,9%</td>
<td>10,8%</td>
<td>8,2%</td>
</tr>
<tr>
<td>France</td>
<td>8,3%</td>
<td>8,8%</td>
<td>7,6%</td>
<td>5,8%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8,1%</td>
<td>10,1%</td>
<td>8,5%</td>
<td>6,4%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>10,5%</td>
<td>11,6%</td>
<td>10,1%</td>
<td>8,1%</td>
</tr>
<tr>
<td>Other countries</td>
<td>48,8%</td>
<td>47,3%</td>
<td>51,6%</td>
<td>55,3%</td>
</tr>
</tbody>
</table>


In Italy, there were around 300,000 unemployed persons in 1929, but by 1933 the number of unemployed reached one million.\textsuperscript{428}

#### Table 45: Unemployment in Italy (1929–1933)

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>293</td>
<td>385</td>
<td>707</td>
<td>1.053</td>
<td>1.082</td>
</tr>
</tbody>
</table>


\textsuperscript{427} Mariangela Paradisi, *Il commercio estero e la struttura industriale*, 299.

\textsuperscript{428} Gianni Toniolo, *L’economia dell’Italia fascista*, 145.
The Great Economic Crisis was marked by a drop in production and an increase in unemployment. The drop also affected international trade exchange, itself decreasing, and a disadvantageous state in production and trade led to the downfall of gross income. The financial crisis was expressed in disaster in international investing, and crediting, i.e. lending drastically diminished. Countries imposed protectionism and various methods of intervention, such as rising customs tariffs, quantitative restrictions and currency reductions. Italy and Yugoslavia were both affected by the crisis, but Italy, as the more developed country, faced a more severe crisis. Overcoming the crisis in both countries was a slow and difficult process, and yet in 1934 the situation in Yugoslavia and Italy was still troublesome compared to most European countries.

b) The Decrease in the Trade Exchange between Yugoslavia and Italy and New Economic Agreements

Since the Italian-Albanian agreement had been signed in November 1926, Yugoslav-Italian relations deteriorated, especially after signing the Yugoslav-French agreement in November 1927. However, economic relations between the two countries remained good, although a certain decrease in the trade exchange was evident after 1925. With the exception of Albania, Yugoslavia was the only country in Southeastern Europe where Italy established a significant economic position, and by 1929, Italy consumed 33% of Yugoslav goods.429 Besides their deteriorating political relations, the Great Economic Crisis appeared as another factor in economic relations between Yugoslavia and Italy.

Yugoslav-Italian relations in 1929 remained poor and can be characterized by a cooling off, and by polemics in both countries. When representatives of the two countries met in January 1930, they agreed that the situation between Yugoslavia and Italy was delicate.430 The Italian press produced anti-Yugoslav propaganda in May and June 1930,

---

429 Nicola La Marca, *Italia e Balcani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre*, 41.
protestors in Bari burned Yugoslav and French flags, and politicians in Belgrade talked about the war. In July 1930, Italian journalists wrote about the dichotomy in imports and exports, pointing out that Italy was the best Yugoslav customer, but at the same time Italy was fourth in Yugoslav imports. Yugoslav Consul General in Milano explained that the increase in Italian imports from Yugoslavia was evident in some goods in 1930, whilst the decrease in Italian exports to Yugoslavia happened due to the expensiveness of Italian fabric products, lack of information of businessmen, and lack of economic representatives.431 Yugoslav exports to Italy in 1929 valued 637,833,752 liras and decreased in 1930 to 705,655,732 liras.432

<table>
<thead>
<tr>
<th>Article</th>
<th>Amount</th>
<th>Value in liras</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>638.442 tons</td>
<td>234,856,494</td>
</tr>
<tr>
<td>Livestock</td>
<td>110.641 heads</td>
<td>146,020,530</td>
</tr>
<tr>
<td>Maize</td>
<td>94.285 tons</td>
<td>55,325,987</td>
</tr>
<tr>
<td>Eggs</td>
<td>89,407 quintals</td>
<td>50,948,905</td>
</tr>
<tr>
<td>Firewood and charcoal</td>
<td>270.939 tons</td>
<td>38,322,799</td>
</tr>
<tr>
<td>Poultry</td>
<td>76.285. quintals</td>
<td>37,912,677</td>
</tr>
<tr>
<td>Fresh and processed meat</td>
<td>31.708 quintals</td>
<td>18,049,321</td>
</tr>
<tr>
<td>Horses</td>
<td>14.102 heads</td>
<td>17,482,490</td>
</tr>
<tr>
<td>Wheat</td>
<td>17.510 tons</td>
<td>14,593,896</td>
</tr>
<tr>
<td>Slaughtered poultry</td>
<td>9.011 quintals</td>
<td>6,746,591</td>
</tr>
<tr>
<td>Fish</td>
<td>13.065 quintals</td>
<td>4,450,495</td>
</tr>
<tr>
<td>Raw leather</td>
<td>4.018 quintals</td>
<td>4,355,024</td>
</tr>
<tr>
<td>Coal</td>
<td>59.463 tons</td>
<td>3,611,970</td>
</tr>
<tr>
<td>Dried mushrooms</td>
<td>2.325 quintals</td>
<td>3,218,797</td>
</tr>
<tr>
<td>Swines</td>
<td>6.471 heads</td>
<td>2,892,050</td>
</tr>
<tr>
<td>Fresh fruits</td>
<td>15.382 quintals</td>
<td>1,741,672</td>
</tr>
</tbody>
</table>

In 1929, Italy imported 256,702 heads of livestock (66,191 from Yugoslavia), and in 1930 it increased to 265,633 (110,641 from Yugoslavia). But, in next few years the decline was noticeable.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of heads</th>
<th>From Yugoslavia</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931</td>
<td>175,852</td>
<td>79,192</td>
<td>44,9</td>
</tr>
<tr>
<td>1932</td>
<td>81,467</td>
<td>29,753</td>
<td>36,4</td>
</tr>
<tr>
<td>January – June 1933</td>
<td>56,972</td>
<td>20,051</td>
<td>35,1</td>
</tr>
</tbody>
</table>


The Yugoslav Consulate General in Milano warned Belgrade about Romanian competition regarding Italian imports of livestock, due to significant increase.\(^{433}\)

The decrease in Italian exports of cotton, flax, hemp, oil, coffee and leather to Yugoslavia was quite evident in 1931, as well as the fall of Italian imports of grain, vegetables and wood from Yugoslavia.\(^{434}\) Italian imports of construction timber decreased from 1,635,487 tons in 1929 (714,508 tons from Yugoslavia) to 1,541,913 tons in 1930 (637,803 tons from Yugoslavia).\(^{435}\)

Yugoslavia was primarily an agrarian country, and of all agrarian products, wheat suffered the most severe losses during the crisis, which used to have a leading position in international trade. Its production in Yugoslavia, as well as in other countries in the Danube region, remained relatively stable, with the exception of 1932–1933 (as shown in table 47), but a large supply in the international market and a decrease in consumption led to the fall in prices of wheat.

\(^{433}\) AJ, 334(KPO), 461–1453.
\(^{434}\) ACS, MMM–DGPAG, b. 261, j/4.
\(^{435}\) Vuk Vinaver, *Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934)*, 43.
Table 48: Production of wheat in the Danube region 1928–1933 (in millions of quintals)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yugoslavia</td>
<td>28,1</td>
<td>25,8</td>
<td>21,8</td>
<td>26,9</td>
<td>14,5</td>
</tr>
<tr>
<td>Romania</td>
<td>31,4</td>
<td>27,1</td>
<td>35,5</td>
<td>36,9</td>
<td>15,1</td>
</tr>
<tr>
<td>Hungary</td>
<td>27,0</td>
<td>20,4</td>
<td>22,0</td>
<td>19,7</td>
<td>17,5</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>13,3</td>
<td>9,0</td>
<td>15,6</td>
<td>16,6</td>
<td>13,7</td>
</tr>
</tbody>
</table>


In the first year of the crisis, the participation of countries from the Danube region in Italian imports of wheat and maize was high, while in barley it was comparatively low.

Table 49: Italian imports of grain in 1929 (in quintals)

<table>
<thead>
<tr>
<th>Grain</th>
<th>Imports from the Danube region</th>
<th>Imports from the rest of Europe</th>
<th>Imports from overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>16.680.000</td>
<td>860.000</td>
<td>590.000</td>
</tr>
<tr>
<td>Maize</td>
<td>6.920.000</td>
<td>740.000</td>
<td>740.000</td>
</tr>
<tr>
<td>Barley</td>
<td>4.000</td>
<td>168.000</td>
<td>32.000</td>
</tr>
</tbody>
</table>


At the conference in Bucharest in July 1930, Yugoslavia, Romania and Hungary agreed that a “customs preferential regime” would be the most efficient way to find a market for their agrarian surplus in European countries, including Italy. However, Italy maintained a negative attitude, which they undertook as an attempt to impede the economic renewal of Central and Eastern Europe under the French leadership. The French Government prepared the system of preferential tariffs for trade with countries in the Danube region. But, in February 1932, Italy concluded trade agreements with Austria and Hungary, with the intention of preventing their dependence on the German economy. In September 1933, Italy issued a memorandum on Danubian economic

---

reconstruction, followed by bilateral contracts between Austria and Hungary, and Italy.\textsuperscript{437} However, Yugoslavia remained out of those agreements, due to the Italian intention to isolate it. Yugoslavs believed that the idea of territorial rearrangement in the Danube region was directed against Yugoslavia, due to Italian aspirations in Dalmatia. In summer 1933, political circles in Belgrade warned that if Rome would continue to follow revisionist policy on the Balkans, economic cooperation in the future would inevitably face obstacles.\textsuperscript{438} From 1930 to 1934, Italy and Yugoslavia brought each other closer several times, but each time when political agreement seemed to be possible, the Government in Rome spoiled it.\textsuperscript{439} Political tensions increased and certainly influenced economic relations. Guido Jung, the director of the National Institute for Exports, said in 1931 that Italy was the best and most reliable Yugoslav client. However, there was an opinion that dependence of the Yugoslav economy on the Italian market might be an instrument for influencing the solution of many political problems.\textsuperscript{440} The British diplomatic envoy in Belgrade reported to London that Yugoslav King Aleksandar I Karađorđević was willing to satisfy Italy in its wishes to economically penetrate Yugoslavia. The Yugoslav King openly talked about Italy as the most important buyer of Yugoslav merchandise.\textsuperscript{441}

However, Italian imports of food decreased from 4,2 billion liras in 1930 to less than 2,0 billion liras in 1932. Yugoslavia exported its basic food commodities and products to Italy, but it also imported from Italy, and a decrease was quite evident in both directions from 1929 to 1932.

\begin{flushright}
437 Luigi Villari, \textit{Italian Foreign Policy under Mussolini}, 115–117.
440 Ibid, 211–212.
\end{flushright}
Table 50: Italian imports of food stuffs from Yugoslavia 1929–1932
(in millions of liras)

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>638</td>
<td>706</td>
<td>410</td>
<td>241</td>
</tr>
</tbody>
</table>


Table 51: Italian exports of food stuffs to Yugoslavia 1929–1932
(in millions of liras)

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>267</td>
<td>262</td>
<td>169</td>
<td>111</td>
</tr>
</tbody>
</table>


The Italians did not want to allow the export of donkeys to Yugoslavia, especially as a potential means of transport for the army service, but in October 1931, Rome reversed its previous decision. Thus, in March 1932, a large number of donkeys from Puglia made their way to Yugoslavia.\(^442\) In January 1932, Yugoslav diplomatic representative in Italy informed Belgrade that Italian potatoes were immune to cancer, moths and the potato beetle. Therefore, Italian authorities forbid imports of foreign potatoes, except those from Hungary, explaining that Hungarian potatoes were also immune to the same diseases.\(^443\) In late January 1932, Yugoslavs knew that all cattle, which arrived from abroad to Italian borders, were inspected for tuberculosis. The animals that suffered from tuberculosis were slaughtered, while the healthy heads were allowed to enter Italy.\(^444\) But, Italian authorities invited all butchers from free customs zones to buy Hungarian livestock instead of Yugoslav, even though Hungarian livestock was more expensive.\(^445\) That decision, with obvious political background, ignited a Yugoslav reaction. In July 1932, the Yugoslav authorities decided to ban the transport of livestock from Romania to Italy over Yugoslav territory.

\(^{442}\) AJ, 373, 2–4.
\(^{443}\) Ibid.
\(^{444}\) Ibid.
the same month, Italians increased customs tariffs on Yugoslav cattle, which diminished Yugoslav exports of livestock to Italy.\textsuperscript{446}

In the middle of 1933, several Yugoslav companies were ready to purchase 25,000 tons of sea salt from Italian colonies.\textsuperscript{447} In October 1933, there were 80 boxes of bottled mineral water (natural or carbonated) in the customs office in Trieste. The main Yugoslav exporter was “Slatina Radenci” and the main Italian importer was “Zahn & Co”.\textsuperscript{448} Yet, the Yugoslav Royal Residence in Belgrade was always interested in Italian products, and they continued to import Italian merchandise. Thus, in March 1932, they ordered 50 kg of macaroni, 50 kg of spaghetti, 100 kg of tomato sauce and 25 kg of Parmesan cheese from “Luigi Alberti”, and they purchased a package of glass products from Italy in July 1933.\textsuperscript{449}

The Yugoslav-Italian rivalry on the Adriatic Sea was present at all times between two World Wars, including the crisis. In November 1930, a Yugoslav ship with loads of wood was not allowed to unload at the port of Chioggia. Therefore, the Yugoslav Consul from Venezia complained to the regional authorities, but Chioggia sent a letter in which they rejected any responsibility. They explained that there had not been such a prohibition, but they confirmed that Yugoslavs had not been allowed to sell unloaded wood.\textsuperscript{450} Belgrade had an information in February 1931 that Italian authorities created problems even to Italian tradesmen who cooperated with Yugoslav shippers in the trade exchange. The Italian authorities endeavored to suppress Yugoslav competition and to strengthen Italian merchant marine.\textsuperscript{451} During summer and autumn 1931, in the Italian Ministry of Merchant Marine, some expressed a taught they could commercially infiltrate the Yugoslav inland (river) marine.\textsuperscript{452}

In 1930, the transportation of goods via railroads between Italy and Yugoslavia was 653,003 quintals and it was 4.71\% of the total

\textsuperscript{446} AJ, 373, 2–4.
\textsuperscript{447} ACS, INCE–UA, b. 136.
\textsuperscript{448} AJ, 373, 2–4.
\textsuperscript{449} AJ, 74, 311–453.
\textsuperscript{450} ACS, MMM–DGPAG, b. 392, t/17 (4).
\textsuperscript{451} Izveštaji Ministarstva inostranih poslova Kraljevine Jugoslavije za 1931. godinu – Izvori za istoriju međunarodnih odnosa 1930–1940, II (priredili Nada Petrović i Jelena Bakić), Beograd 2007, 52.
\textsuperscript{452} ACS, MMM–DGPAG, b. 392, t/17.
Italian international trade by railroads. But, in 1931, it diminished to 516,160 quintals and it was 3,81% of the total, meaning that Yugoslav-Italian exchange via railways in 1931 was lower by 136,843 quintals in comparison with 1930, and it fell 20,8%. Only Italian railroad traffic with Hungary suffered more severe losses (-29,4%), while with Germany it was -12,3%, and with Czechoslovakia -7,2%. Simultaneously, Italian railway transport with Austria increased by 49,7%, which caused a general increase in Italian international trade via railroads of 8,4% in 1931, in comparison with 1930. In 1931 the railroad turnover with abroad comprised 75,7% of all Italian transport of merchandise by railways.\textsuperscript{453}

Table 52: Italian international trade by railroads in 1931 (in quintals)

<table>
<thead>
<tr>
<th>Country</th>
<th>Loading</th>
<th>Unloading</th>
<th>In all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>3,543.023</td>
<td>1,228.194</td>
<td>4,771.217</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1,429.572</td>
<td>1,733.195</td>
<td>3,162.767</td>
</tr>
<tr>
<td>Germany</td>
<td>584.770</td>
<td>186.618</td>
<td>771.388</td>
</tr>
<tr>
<td>Hungary</td>
<td>240.529</td>
<td>285.016</td>
<td>525.545</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>283.379</td>
<td>232.781</td>
<td>516.160</td>
</tr>
</tbody>
</table>

Yugoslav railroads also suffered a decrease due to the crisis and competition, and in early April 1933, Rome received information regarding the decline of 40% in the transport of goods by the Yugoslav railways.\textsuperscript{454}

The Yugoslav Consul General in Trieste reported about aggravation of the crisis in Italy, with particular concern for Trieste, where people believed that vicinity to the border would bring an eventual war closer to them. According to that report, those fears were the reason why investors restrained from taking more significant actions. He also wrote about bankruptcies in Trieste and the surrounding region. The Yugoslav Consul General in Genova informed Belgrade in July 1930 about the difficult economic and financial situation in Italy, and in October 1930, he noticed that the crisis in Italy was perhaps the worst in Europe. The Yugoslav envoy in Rome reported on the chaotic situation in Italy and a

\textsuperscript{453} ACS, MMM–DGPAG, b. 261, j/4.
\textsuperscript{454} ACS, MMM–DGPAG, b. 392, t/17.
deepening crisis, while Yugoslav diplomatic representatives in Milano and Bari wrote about the gloomy predictions of some Italian economists for the winter of 1930–1931. In May 1931, Yugoslav Consul in Milano reported on the increased pessimism caused by weak sales and lack of funds.\textsuperscript{455}

The situation was particularly difficult in Trieste and Fiume/Rijeka, due to the competition from Yugoslav ports. The transport of Austrian wood through Trieste diminished by three quarters, because Yugoslavia had cheaper railroad tariffs, and the port of Sussak/Sušak near Fiume/Rijeka profited from them. However, in March 1930, Fiume/Rijeka was proclaimed as a free customs zone, and in October 1931, many tariffs were annulled, in order to prevent further problems for the port of Fiume/Rijeka. On this occasion, the Chamber of Commerce in Spalato/Split sent a protest to the Yugoslav Government, in which they expressed worry for the future of the port in Spalato/Split, due to a realistic possibility that business activities in the main Dalmatian port would become endangered. They also urged an improvement of conditions in the port of Spalato/Split.\textsuperscript{456} Yugoslav exports through Trieste, in quantity, fell around 50%, and Yugoslav imports by only one quarter. Shipyards went without almost any orders.\textsuperscript{457}

The tariff strife between the Italian ports of Trieste and Fiume/Rijeka, from one side, and the northern ports of Hamburg and Bremen, and Thessalonica as well, from the other side, became quite noticeable during the crisis. In 1929, the Yugoslav-Italian trade exchange through the port of Trieste was only 184,318 tons, but in 1933 it was 88,280 tons, falling by 96,038 tons. In 1933, it was 47,89% compared with 1929, so it decreased by 52,10%.\textsuperscript{458} The transport of goods through Trieste significantly decreased not only in Italian trade with Yugoslavia, but also in trade with other countries, with the exception of Austria. In 1929, the total amount of merchandise transported through Trieste was 2,537,591 tons, but in 1933 it was only 1,217,449 tons, falling by 1,320,142 tons or 52,02%.\textsuperscript{459}

\textsuperscript{455} Vuk Vinaver, Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934), 45–46.
\textsuperscript{456} AJ, 74, 1–1.
\textsuperscript{457} Vuk Vinaver, Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934), 46.
\textsuperscript{458} Goran Latinović, Trst u jugoslovensko-italijanskim ekonomskim odnosima između dva svjetska rata, 115–116.
\textsuperscript{459} ACS, MMM–DGPAG, b. 261, j/4.
Table 53: Transport of goods through Trieste from 1930 to 1932
(in tons)

<table>
<thead>
<tr>
<th>Country</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechoslovakia</td>
<td>385.072</td>
<td>367.234</td>
<td>227.515</td>
</tr>
<tr>
<td>Austria</td>
<td>339.280</td>
<td>478.815</td>
<td>361.470</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>107.005</td>
<td>83.442</td>
<td>70.822</td>
</tr>
<tr>
<td>Germany</td>
<td>86.225</td>
<td>81.288</td>
<td>35.743</td>
</tr>
<tr>
<td>Hungary</td>
<td>65.794</td>
<td>52.310</td>
<td>35.501</td>
</tr>
<tr>
<td>Poland</td>
<td>50.495</td>
<td>44.008</td>
<td>23.414</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b. 392, t/17.

The fall in the total transport of goods through Trieste to Yugoslavia, as a final destination or as a transit area, by sea and by land (railroads), is shown in Tables 54 and 55.

Table 54: Italian exports by sea to Yugoslavia and to other countries (over Yugoslav territory) through Trieste from 1930 to 1932
(in quintals)

<table>
<thead>
<tr>
<th>Article</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>38.459</td>
<td>31.468</td>
<td>28.760</td>
</tr>
<tr>
<td>Rice</td>
<td>20.706</td>
<td>13.187</td>
<td>11.859</td>
</tr>
<tr>
<td>Hard coal</td>
<td>12.420</td>
<td>17.209</td>
<td>10.700</td>
</tr>
<tr>
<td>Animal tallow</td>
<td>4.492</td>
<td>5.899</td>
<td>8.248</td>
</tr>
<tr>
<td>Iron</td>
<td>35.600</td>
<td>19.642</td>
<td>7.178</td>
</tr>
<tr>
<td>Citrus fruits</td>
<td>5.863</td>
<td>7.274</td>
<td>6.924</td>
</tr>
<tr>
<td>Sugar</td>
<td>4.452</td>
<td>3.768</td>
<td>4.865</td>
</tr>
<tr>
<td>Garlic and onions</td>
<td>441</td>
<td>1.319</td>
<td>3.943</td>
</tr>
<tr>
<td>Yarn</td>
<td>15.308</td>
<td>11.497</td>
<td>3.755</td>
</tr>
<tr>
<td>Corn</td>
<td>-</td>
<td>11.655</td>
<td>3.680</td>
</tr>
<tr>
<td>Engines</td>
<td>10.346</td>
<td>10.457</td>
<td>3.473</td>
</tr>
<tr>
<td>Mineral oils</td>
<td>7.000</td>
<td>186</td>
<td>3.285</td>
</tr>
<tr>
<td>Wool</td>
<td>10.553</td>
<td>14.245</td>
<td>2.857</td>
</tr>
<tr>
<td>Bricks</td>
<td>11.587</td>
<td>1.490</td>
<td>2.174</td>
</tr>
<tr>
<td>Leather</td>
<td>5.845</td>
<td>5.395</td>
<td>1.935</td>
</tr>
</tbody>
</table>

ACS, INCE–UA, b. 136.
Table 55: Italian exports by land (railroads) to Yugoslavia and to other countries (over Yugoslav territory) through Trieste from 1930 to 1932 (in quintals)

<table>
<thead>
<tr>
<th>Article</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>36.671</td>
<td>33.178</td>
<td>25.133</td>
</tr>
<tr>
<td>Grain</td>
<td>12.408</td>
<td>4.779</td>
<td>312</td>
</tr>
<tr>
<td>Garlic and onions</td>
<td>1.769</td>
<td>5.508</td>
<td>20.694</td>
</tr>
<tr>
<td>Citrus fruits</td>
<td>44.282</td>
<td>37.342</td>
<td>24.388</td>
</tr>
<tr>
<td>Animal and vegetable oils</td>
<td>26.706</td>
<td>14.402</td>
<td>16.032</td>
</tr>
<tr>
<td>Cotton</td>
<td>56.429</td>
<td>36.022</td>
<td>37.799</td>
</tr>
<tr>
<td>Iron</td>
<td>35.093</td>
<td>14.094</td>
<td>12.573</td>
</tr>
<tr>
<td>Hard coal</td>
<td>36.792</td>
<td>27.474</td>
<td>35.281</td>
</tr>
<tr>
<td>Leather</td>
<td>25.895</td>
<td>17.148</td>
<td>7.456</td>
</tr>
<tr>
<td>Mineral oils</td>
<td>35.776</td>
<td>18.238</td>
<td>23.873</td>
</tr>
</tbody>
</table>

ACS, INCE–UA, b. 136.

In early June 1933, the Italian Vice Consul from Sussak/Sušak noticed that Italian international trade via rail, actually with Central European countries, constantly fell, while the trade exchange with abroad via sea was in constant ascent. According to that document, in 1927, 61.1% of Italian turnover was transported by railways, and 38.9% by sea, while in 1933 transport by sea reached 57.5% of the total.\textsuperscript{460} There was actually an attempt to emphasize the importance of Italian ports in the Northern Adriatic.

One of indicator of the crisis and a decrease in living standards in Yugoslavia and Italy was a fall of the tourist exchange between them. In 1930, 14.267 Italian tourists visited Yugoslavia, but in 1931, the number fell to 11.233 and in 1932 to only 9.253. The fall was quite evident in the number of Yugoslav tourists in Italy: 9.566 in 1930, 7.215 in 1931 and 5.214 in 1932.\textsuperscript{461} The number of Yugoslav citizens employed in Italy was also decreasing, due to the crisis. There was a campaign in Trieste against employing foreign workers, but local union of industrialists

\textsuperscript{460} ACS, MMM–DGPAG, b. 392, t/17.
\textsuperscript{461} AJ, 334(KPO), 285–804.
reacted with explanation that foreigners could not endanger domestic population. However, in 1933 there were 9,634 Yugoslavs working in Italy, in Trieste (6,619), Fiume/Rijeka (2,500), Milano (250), Zara/Zadar (229), Rome (25) and Bari (11).\footnote{AJ, 334(KPO), 264–737.}

When the Italian Government decided to revise its trade policy with Yugoslavia and thus to shrink its deficit, by limiting Yugoslav exports to Italy, the crisis hit Yugoslavia and the Government in Belgrade tended to increase its exports. The main economic problems in Yugoslavia were the agrarian crisis and tremendous fall of prices. But, the Italian press wrote in March 1931 that Italian imports from Yugoslavia valued at 637,8 million liras in 1929, but in 1930 they reached 707 million liras. During the same time, Italian exports to Yugoslavia decreased from 267,3 million liras in 1929 to 262,5 million liras in 1930. According to these writings, which should be taken with reservation, bearing in mind that they did not match quite accurately with official statistics, Italy saved Yugoslav economic stability.\footnote{Vuk Vinaver, \textit{Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934)}, 47.} The writings of the Italian press were just a reflection of the serious intentions of Italian authorities to revise the trade agreement from 1924.

However, from 1929 to 1932, Yugoslav-Italian trade faced serious problems. In 1932, Yugoslav exports to Italy decreased by 64\% compared to 1929, and Yugoslav imports from Italy decreased by 56\% compared with the same year. Even in the crisis years Yugoslavia maintained a positive balance in the trade exchange with Italy, although in 1932 it was much lower than in 1929, due to the general fall in the value of merchandise exported and imported between the two countries.\footnote{ACS, INCE–UA, b. 136.} However, the beginning of the financial crisis in summer 1931 worsened the situation. European Governments started to impose restrictions on imports, with the intention to prevent a drain of money from their countries, and that caused the downfall in transport of goods.
Table 56: Yugoslav exports to Italy in millions of dinars (1929–1933)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>1.971</td>
<td>24.9</td>
</tr>
<tr>
<td>1930</td>
<td>1.919</td>
<td>28.3</td>
</tr>
<tr>
<td>1931</td>
<td>1.199</td>
<td>25.0</td>
</tr>
<tr>
<td>1932</td>
<td>705</td>
<td>23.1</td>
</tr>
<tr>
<td>1933</td>
<td>726</td>
<td>21.5</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*

Table 57: Yugoslav imports from Italy in millions of dinars (1929–1933)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>823</td>
<td>10.8</td>
</tr>
<tr>
<td>1930</td>
<td>783</td>
<td>11.3</td>
</tr>
<tr>
<td>1931</td>
<td>494</td>
<td>10.3</td>
</tr>
<tr>
<td>1932</td>
<td>362</td>
<td>12.7</td>
</tr>
<tr>
<td>1933</td>
<td>459</td>
<td>15.9</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*

Table 58: Yugoslav trade balance with Italy in millions of dinars (1929–1933)

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>+ 1.148</td>
</tr>
<tr>
<td>1930</td>
<td>+ 1.136</td>
</tr>
<tr>
<td>1931</td>
<td>+ 705</td>
</tr>
<tr>
<td>1932</td>
<td>+ 343</td>
</tr>
<tr>
<td>1933</td>
<td>+ 267</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*

Obviously, the Yugoslav trade balance with Italy remained active, but it decreased during the crisis. However, taking into account inflation rates, one can reach constant figures.
Table 59: Yugoslav exports to Italy and imports from Italy (at constant 1920 prices) in millions of dinars (1929–1933)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>1.504</td>
<td>628</td>
</tr>
<tr>
<td>1930</td>
<td>1.702</td>
<td>693</td>
</tr>
<tr>
<td>1931</td>
<td>1.262</td>
<td>519</td>
</tr>
<tr>
<td>1932</td>
<td>830</td>
<td>425</td>
</tr>
<tr>
<td>1933</td>
<td>864</td>
<td>546</td>
</tr>
</tbody>
</table>

Further statistics show the impact of the crisis on Yugoslav-Italian trade.

Table 60: Yugoslav-Italian trade exchange (1929–1933) (1928 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Italian imports from Yug.</th>
<th>Italian exports to Yug.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>118,36</td>
<td>87,68</td>
</tr>
<tr>
<td>1930</td>
<td>130,94</td>
<td>86,11</td>
</tr>
<tr>
<td>1931</td>
<td>76,07</td>
<td>55,42</td>
</tr>
<tr>
<td>1932</td>
<td>44,76</td>
<td>36,31</td>
</tr>
<tr>
<td>1933</td>
<td>39,85</td>
<td>46,45</td>
</tr>
</tbody>
</table>


In January 1930, industrialist Gino Olivetti asked Mussolini to organize a conference of Italian and Yugoslav industrialists, an effort to find a way to improve Italian exports of industrial products to Yugoslavia.\(^{465}\) Italian businessmen and officers in the state administration in charge of economic affairs reacted to the downfall of the trade exchange with Yugoslavia. In late August 1930, at a meeting in Milano, Ingino Brocchi, state advisor, Raffaele Guarneri, general director for Europe and the Levant, and Alberto Pirelli, president of the National Institute for Exports, agreed that Italy could not lose a minute more and they were forced to ask for a conclusion of customs union with Austria, Hungary and Yugoslavia. To return the favor to those countries, as a guarantee, Italy would disclaim customs income of 220 million liras,

which it took for Yugoslav and Hungarian grain. The Italian Ministry of Finance was against such a plan, and Mussolini decided to negotiate with Austria and Hungary. The problem was the French political and economic presence in Yugoslavia.

It was of strategic Italian interest to isolate Yugoslavia of the significant and widely present French influence. In the beginning of 1929, a promising action began, which, if successful, was to lead to a desirable result. It included a Yugoslav stabilization loan, which Belgrade asked for from the London bank “Rothschild & Sons”. Namely, one of most significant issues in Yugoslav finances was the legal stabilization of the dinar, as monetary unit, and its basis on the gold standard. That was necessary for Yugoslavia in order to follow international economic flows and to attract foreign capital. However, bearing in mind the current state of Yugoslav finances, those measures would be possible only through financial help from abroad. Stanko Švrljuga, the Yugoslav Minister of Finance, and Lionel and Anthony Rothschild, signed a document as a draft on conditions of the loan, which would amount to 50 million pounds. The bank “Rothschild & Sons” wanted to include “La Banca Commerciale Italiana” in that plan, and when Lionel Rothschild visited Belgrade in September 1929, he warned the Yugoslav King that relations between Yugoslavia and Italy had to be good.

The British diplomatic envoy in Belgrade, Neville Henderson, appealed for the Yugoslav-Italian political and economic relations to grow closer. He advocated for the participation of Italian banks in the aforementioned loan. In February 1930, he wrote to London that if the planned loan would fail, Yugoslavia would take loans from French banks and thus Yugoslav-Italian relations would deteriorate. Negotiations between the Yugoslav Government and the Rothschild group were going well, but the participation of Italian banks in the loan was unacceptable for Belgrade. After three years of negotiations and uncertainty,

---

466 Ibid, 53.
467 Dunja Hercigonja, Velika Britanija i spoljnopolitički položaj Jugoslavije 1929–1933: britanska politika prema jugoslovensko-italijanskim sukobima u vreme svetske privredne krize, 44.
469 Ibid, 49–50.
Yugoslav authorities decided to take the stabilization loan from France. Thus, the British-Italian attempt to weaken Yugoslav-French ties failed, due to the Yugoslav fear of Italian expansion on the Eastern shore of the Adriatic.

Searching for a solution to problems in Yugoslav-Italian economic relations, Dr. Juraj Tomičić, the director of the Yugoslav Institute for Improving Foreign Trade Exchange, arrived in Rome in February 1931. The Italian authorities told him that Rome requested new quotas, compensation and reciprocity, and his meeting with Guido Jung remained without a concrete deal. At the same time, in Zagreb, organized demonstrations broke out against radical Croatian emigrants who were active in Italy, and on that occasion, several Italian companies suffered material damage. Former minister Alberto De Stefani started a campaign against Yugoslav exports to Italy, and he claimed that the trade exchange was 1:2.68 in the Yugoslav advantage. Italian journalist Virginio Gayda wrote that Belgrade avoided imports from Italy, but still sold a huge amounts of its goods to Italy, and it was high time to suppress Yugoslav exports. In March 1931, Corriere della sera wrote that Yugoslavia was sabotaging the Yugoslav-Italian trade agreement. The press from Trieste, always sensitive about the situation in Yugoslavia, asked for reconsidering economic relations with Yugoslavia, and for importing woods, grain and livestock from Austria, Hungary and even the Soviet Union, but not from Yugoslavia. “La Confederazione generale fascista dell’industria italiana” decided on the 21st March 1931 that economic relations with Yugoslavia must be revised. Therefore, the Yugoslav Ministry of Trade and Industry asked the Yugoslav envoy in Rome what exactly were Italian wishes regarding revision of the trade agreement. From the Yugoslav Legation, as well as from consulates all over Italy, information arrived with the same response: Italy always had passive balance in the trade exchange with Yugoslavia, and that was an old fact. Also, they informed Belgrade that in 1925, almost half of all Yugoslav imports arrived from Italy, while in 1930 only 10% of all Yugoslav imports had been of Italian origin. Yet, the building of each Yugoslav ship was considered a direct threat to the Italian merchant marine, improving the port in Sussak/Sušak as sabotaging the port of Fiume/Rijeka, and even signing the trade agreement with Spain, as a hostile action against Italy. All economic institutions in Italy asked for

a revision of the agreement, but there was no pressure on businessmen. The Italian Legation in Belgrade sent a protest in July 1931 to the Yugoslav Government regarding new taxes on Italian goods. According to the Yugoslav authorities, action from Rome had a background in Italian-French negotiations. 471

It is interesting that in the time of tensions in Yugoslav-Italian economic relations, during an intense Italian campaign against Yugoslav imports, aiming to improve the Italian position, Yugoslavia was invited to participate in the exposition in Milano in April 1931. The Yugoslav delegation was particularly satisfied with the modern pavilion, and several Yugoslav products won prizes. Also, new business arrangements were forged. 472 Yugoslavia wanted to keep its place in the International Agricultural Institute in Rome, founded by 40 countries in 1905. In 1930, it had 56 members, and on the 23rd of April 1931, the Ministry of Agriculture in Belgrade paid an annual membership fee of 58,000 liras. 473 Being aware of the great importance of agriculture for its economy and foreign trade, Yugoslavs did not want to lose their seat in such an important institution. Yugoslavia also participated in the economic exposition in Milano from the 10th to the 18th of October 1932. 474

In April 1930, the German press pointed out that Southeastern Europe would be the German market of the future, and Belgrade would turn to Berlin, because the Yugoslav Government had “economic sense”. In December 1930, Italian envoy in Belgrade warned the Government in Rome about German competition. Additionally, he suggested that in all large cities in Yugoslavia, permanent offices of Italian industry should be opened. 475

The Italians became worried and Dr. Giorgio Pitacco told other senators in Rome in June 1931 that German action would bring collapse to the port of Trieste. 476 Yugoslav-German economic cooperation began when France stopped giving loans to Yugoslavia. 477

472 AJ, 74, 1–1.
474 Ibid.
476 Vuk Vinaver, Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934), 51.
Prime Minister Heinrich Brüning visited Rome in August 1931 and he suggested to Mussolini that Germany and Italy should strive for economic cooperation with agrarian countries in Southeastern Europe, including Yugoslavia. His thought was to raise the purchasing power of those lands, so that German and Italian industrial products would be exported there. But, Italian experts concluded that such cooperation could not be of use for Italy, because Italian industrial products were not as competitive as German products. Besides, the Italian market would not be able to accept all agrarian products from the Balkans and the Danube region, at least not like the German market. Italian authorities wanted to find a solution in Southeastern Europe in line with their own interests.  

Having fear of strong German competition in the Balkans, which could be seen in the future, Italy endeavored to bring its economic relations closer to Austria and Hungary. Italy also wanted to change the trade agreement with Yugoslavia, in order to diminish its trade deficit. Although, the campaign against Yugoslav exports to Italy became more evident, the Government in Belgrade was aware that Italian tradesmen could not get such favourable prices in other countries, for goods purchased in Yugoslavia. During discussion about the budget in May 1931, a highly ranked Italian official openly criticized Italian passivity in the trade exchange with Yugoslavia, emphasizing that it was high time to change it.  

The Italian Legation in Belgrade informed the Yugoslav Government in late June 1931 that new negotiations regarding Yugoslav-Italian trade exchange should be started. In the middle of July 1931, the Yugoslavs responded that they were ready to talk and in September 1931, negotiations began in Rome. The Italians wanted to raise import taxes on livestock and some other products, but Yugoslavs were not willing to agree on that stipulation. A new round of negotiations was planned for January 1932, and it was agreed that the tariff portions of the agreement from 1924 would change.

481 Vuk Vinaver, Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934), 54.
The Yugoslav Government organized in late January 1932 a conference with representatives of finance, trade, agriculture and transportation, and next month the Yugoslav delegation brought instructions for the next round of negotiations in Rome. Talks started in March 1932, and their aim was to change customs tariffs in order to improve the trade exchange. The Yugoslav delegation was composed of Milivoj Pilja, one of leading Yugoslav economists, Milan Lazarević, Sava Ulmanski, Petar Borisavljević and Sava Obradović. Their intention was to protect Yugoslav exports of livestock, meat and meat products to Italy, but the Italians had low customs protection and they suggested raising import tariffs for livestock, after which import prohibitions would be annulled one by one. The Yugoslavs promised that Italian companies would have a certain participation in Yugoslav state acquisitions, as well as relaxations on the imports of Italian products. The Yugoslav delegation prepared significant concessions, including favoring Italian exports to Yugoslavia.

After a detailed analysis of the economic and political situation, the Great Fascist Council approved the plan on surmounting the crisis in the Danube region on the 8th of April 1932. The Italian authorities informed the Yugoslav side about their intention to pursue the bringing together of Italy, Yugoslavia, Austria and Hungary in the economic realm, offering certain concessions. However, Yugoslavs believed that it was intended to push back French and German influence. Finally, the Additional Agreement on the Trade Agreement from 1924 was signed on the 25th of April 1932. The Additional Agreement was signed by Milivoj Pilja and Milan Rakić, the Yugoslav envoy in Rome, and by Dino Grandi, Italian Minister of Foreign Affairs. Yugoslavia remained out of the planned Italian pact with Hungary and Austria, but customs tariffs on Italian imports of Yugoslav livestock, poultry, meat, and meat products were increased, in an effort to protect Italian production. However, Yugoslavs believed that their exports to Italy would not be harmed due to the obvious Italian need for Yugoslav livestock and agrarian products. On the other side, Italians were sure that domestic

484 ACS, AF–SPD, CR, b. 31, f. Gran consiglio, s. 10.
cattle breeding would be protected and strengthened, having a positive impression about the Additional Agreement in general.\textsuperscript{487}

The Italian side asked for a meeting of the Yugoslav-Italian Permanent Economic Committee, established in April 1932 by the Additional Agreement, so that they could discuss the new restrictions of Yugoslav exports to Italy. The Yugoslav Government was ready to fulfill various Italian requests, but problems still remained. In early April 1932, the Italian envoy in Belgrade delivered a memorandum to the Yugoslav Government in which he identified the difficult position of Italian businessmen, owing to Yugoslav foreign exchange and currency regulations. Four days after, the Ministry of Trade and Industry in Belgrade sent a response in which they wrote the following explanation: Yugoslav foreign trade and currency regulations were misinterpreted, Italian tradesmen were unsatisfied with the low purchasing power of Yugoslav consumers, and the crisis caused a deceleration in the trade exchange. Italian authorities had doubts that the Yugoslav Government wanted to curb imports from Italy, and they were ready to impose some protectionist measures. However, Yugoslav authorities explained the slowdown in international currency traffic as a consequence of the policies of the German, Austrian and Hungarian governments.\textsuperscript{488}

In early June 1932, Italian authorities found out that Yugoslav customs tariffs eased the development of the textile industry in Yugoslavia, which seriously endangered Italian exports of textiles over the Adriatic. They also knew about the ongoing severe agrarian crisis, and that around 80\% of the Yugoslav population was composed of peasants. The Italian Government again expressed worries on the restrictive measures of the Yugoslav Government regarding foreign currency floats, which brought negative consequences for Italian businessmen and their plans.\textsuperscript{489}

Italian businessmen continued to complain that they had not been able to charge for their goods sold in Yugoslavia, due to restrictions of the Yugoslav Government. Therefore, the Italian Government decreed on the 23\textsuperscript{rd} of September 1932, ease payments between the


\textsuperscript{488} AJ, 65, 7–63.

\textsuperscript{489} ACS, INCE–UA, b. 136.
On the 30th of September 1932, “L’Istituto nazionale per i cambi con l’estero (INCE), Ufficio rapporti con la Jugoslavia”, informed all affiliates of “La Banca d’Italia” that Italian tradesmen often could not charge for their merchandise sold in Yugoslavia. INCE asked all businessmen to inform them about any problems regarding payments. The Italian Government successfully fulfilled all obligations to Yugoslav exporters, and it sternly requested the same from the Yugoslav Government. However, Yugoslavia was not able to regularly pay Italian exporters, due to the lack of foreign currencies, and goods were purchased on credit, which were practically frozen. The aim of the Italian Government was to loosen these financial means, claimed by Italian tradesmen, and to stimulate the exchange. Negotiations finished successfully, and on the 22nd of October 1932, they agreed to new payment terms, promoting clearing. This was an active response to the problem of diminishing the volume and value of the trade exchange between the two countries. Melko Čingrija, Vice Governor of the National Bank of Yugoslavia and Bonifacio Francesco Ciancarelli, General Director for Economic Affairs, signed the agreement. They agreed that payments that came from the exchange of goods between Yugoslavia and Italy would act as compensation. Each debt on purchased Yugoslav goods in Italy, and each transfer of currency from Italy to Yugoslavia, related to Yugoslav goods imported to Italy, would be adjusted by deposits in Italian liras at “La Banca d’Italia”, and INCE would act as a cashier or treasures. INCE would approve adjustments of sums in one collective account, without interest, which would be opened in the name of the National Bank of Yugoslavia. Additionally, all debts on purchased Italian merchandise in Yugoslavia, and each transfer of currency from Yugoslavia to Italy, related to Italian merchandise imported to Yugoslavia, would be processed by deposits at the National Bank of Yugoslavia. This institution would approve payments in Italian liras in one collective, master account, without interest, which would be opened in the name of INCE. The National

---

490 ACS, INCE–SDG, b. 43.
491 ACS, INCE–UA, b. 78.
492 AJ, 334(KPO), 448–1420.
493 ASDMAE, DGAC, p. 3–1.
494 Goran Nikolić, Kurs dinara i devizna politika Kraljevine Jugoslavije 1918–1941, 178.
Bank of Yugoslavia and INCE would be mutually informed on received payments, approving in such a way payments to sellers.\footnote{495}{AJ, 74, 1–1.}

Essentially, the clearing was a mode of conducting foreign trade without transfers of foreign currency. That system ran well, if one side did not benefit much more than the other.\footnote{496}{Jacob B. Hoptner, \textit{Jugoslavija u krizi 1934–1941}, 129.}

A confidential additional protocol provided additional concessions to Rome. However, the Yugoslavs achieved their goal, and the Italian market continued to receive substantial Yugoslav exports. Italy remained in first place for Yugoslav exports, absorbing around a quarter of all Yugoslav exports. But, in absolute numbers, Yugoslav exports decreased, which caused a new disruption in prices in Yugoslavia.\footnote{497}{Vuk Vinaver, \textit{Svetska ekonomsk a kriza i jugoslovensko-italijanska trgovina (1930–1934)}, 59.} In the middle of December 1932, Ettore Cauli, director of INCE, talked to Milan Parivodić, Governor of the National Bank of Yugoslavia in Belgrade, regarding Yugoslav-Italian clearing.\footnote{498}{ACS, INCE–SDG, b. 43.} The Italian trade exchange with abroad remained passive in 1933 and Italian press carried out a campaign against Yugoslavia.\footnote{499}{\textit{Izveštaji Ministarstva inostranih poslova Kraljevine Jugoslavije za 1933. godinu} – \textit{Izvori za istoriju međunarodnih odnosa 1930–1940}, IV (priredili Nada Petrović i Jelena Đurišić), Beograd 2009, 231–233.}

Italian customs tariffs directly influenced the decline of Yugoslav exports in livestock, as shown in Table 61. However, livestock, poultry and wood remained the most important Yugoslav goods exported to Italy, amounting to around 70% of all Yugoslav exports to Italy in 1929, and around 85% in 1933.\footnote{500}{Vuk Vinaver, \textit{Svetska ekonomsk a kriza i jugoslovensko-italijanska trgovina (1930–1934)}, 59.}
Table 61: Yugoslav participation in Italian imports of livestock, poultry and wood in 1933

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Total Italian imports</th>
<th>Imports from Yugoslavia</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pigs</td>
<td>6.628 heads</td>
<td>4.979 heads</td>
<td>74.2</td>
</tr>
<tr>
<td>Poultry (alive)</td>
<td>138.000 quintals</td>
<td>97.067 quintals</td>
<td>70.3</td>
</tr>
<tr>
<td>Poultry (slaughtered)</td>
<td>23.551 quintals</td>
<td>9.191 quintals</td>
<td>39.1</td>
</tr>
<tr>
<td>Eggs</td>
<td>87.827 quintals</td>
<td>22.364 quintals</td>
<td>25.4</td>
</tr>
<tr>
<td>Horses</td>
<td>11.623 heads</td>
<td>9.703 heads</td>
<td>83.6</td>
</tr>
<tr>
<td>Cows</td>
<td>120.519 heads</td>
<td>43.229 heads</td>
<td>35.9</td>
</tr>
<tr>
<td>Wood</td>
<td>1,230.723 tons</td>
<td>478.023 tons</td>
<td>38.8</td>
</tr>
</tbody>
</table>

*Narodno blagostanje, 43, Beograd 1935, 846.

Table 62: Italian imports from Yugoslavia and exports to Yugoslavia (in millions of liras)

<table>
<thead>
<tr>
<th></th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Italian imports</td>
<td>11.643,0</td>
<td>8.248,5</td>
<td>7.412,7</td>
</tr>
<tr>
<td>Imports from Yugoslavia</td>
<td>409,9</td>
<td>241,1</td>
<td>188,8</td>
</tr>
<tr>
<td>Total Italian exports</td>
<td>10.109,5</td>
<td>6.811,9</td>
<td>5.979,6</td>
</tr>
<tr>
<td>Exports to Yug.</td>
<td>108,9</td>
<td>110,7</td>
<td>124,4</td>
</tr>
</tbody>
</table>


The Italian intention to eliminate the trade deficit with Yugoslavia was quite evident. However, in 1932, merchants from province of Bari sold goods valued at 546.000 liras to Yugoslavia, but the same province imported merchandise which valued at 9,628.000 liras from the Yugoslav State.\textsuperscript{501} However, the value of Italian exports to Yugoslavia increased, while the value of Italian imports from Yugoslavia decreased, as a result of the Italian policy to close its market and its endeavors to cover imports by exports. Thus, in 1933, the Italian trade deficit with Yugoslavia decreased.

\textsuperscript{501} Ibid, 61.
Table 63: Yugoslav surplus in the trade exchange with Italy (1929–1933)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount in dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>1,148,093,000</td>
</tr>
<tr>
<td>1930</td>
<td>1,136,400,000</td>
</tr>
<tr>
<td>1931</td>
<td>704,698,000</td>
</tr>
<tr>
<td>1932</td>
<td>343,098,000</td>
</tr>
<tr>
<td>1933</td>
<td>266,729,000</td>
</tr>
</tbody>
</table>


Important Yugoslav exported goods, such as wood and livestock, did not decrease in quantity, but the price of agrarian products did decrease, so the value of Yugoslav exports to Italy was diminished. For example in 1933, Yugoslav exports of livestock to Italy were around 50% higher than in 1932, but the value of exported goods increased by only one percentage.\(^{502}\)

However, in terms of percentage, Yugoslavia did not hold a significant position in Italian trade exchange with abroad, and in total Italian imports it accounted for 3,52% (in 1931), 2,92% (in 1932) and 2,54% (in 1933), and in total Italian exports it was 1,68% (in 1931), 1,62% (in 1932) and 2,08% (in 1933).\(^{503}\) Bearing in mind that the Additional Agreement from the 25\(^{th}\) of April 1932 did not provide the desired results in practices, the two sides exchanged letters on the 12\(^{th}\) of May 1933 and on the 16\(^{th}\) of June 1933, and agreed to make adjustments.\(^{504}\)

An Italian analysis from May 1933 noted that Yugoslavia had an advantageous geographic position. Before the crisis, it annually exported 250,000 – 300,000 tons of grain, and sometimes even 500,000 tons. Yugoslavia was, with Turkey, the only country in Europe that grew poppy, an important herb for producing an extract for industrial use. The analysis also noted that exports of livestock accounted for 35% of all Yugoslav exports, and that Italy was the most important customer.


Yugoslavia annually exported eggs at a total value of 400 million dinars. Besides agrarian products, an important component in the Yugoslav exports was wood and wooden products, and forests covered 30.5% of all Yugoslav territory. Yugoslavia annually exported 450,000 tons of iron and over 400,000 tons of cement. *505

*  

Political relations between Italy and Yugoslavia worsened in 1926 and 1927, but economic relations remained good, although in the second half of 1920s a decline in trade was noticeable. The decrease became quite evident during the Great Economic Crisis (1929–1933), when political tensions intensified, which reflected upon the Yugoslav-Italian rivalry in the Adriatic. The transport of merchandise through Trieste and Fiume/Rijeka, by sea and by railroads, declined. In 1932, Yugoslav exports to Italy fell for 64% in comparison to 1929, while Yugoslav imports from Italy fell by 56% in comparison with the same year. However, Yugoslavia maintained a positive trade balance with Italy, which remained the best and the most reliable Yugoslav customer. Italy tended to isolate Yugoslavia from French influence, through an agreement with Austria and Hungary. New economic circumstances led to new economic agreements between Italy and Yugoslavia, as an active response to the crisis.

505 ACS, INCE–SDG, b. 43.
Conclusions

The Great Economic Crisis (1929–1933) was one of those turning points in world history (1918–1939) and it left significant implications on international political and economic relations. The crisis led to a decline in industrial production and the trade exchange, and it affected almost all countries. The crisis increased unemployment, and triggered financial crisis. One of the most severe consequences was protectionism and various restrictions imposed by governments. Changes in the world economy had long-term aftereffects. In Yugoslavia, the crisis hit agricultural sector, and then the industrial. The main problem of Yugoslav economy during the crisis was the question of exports of cereals to industrial countries, including Italy. These exports were much complicated by the fall in prices, hyper-production and international competition. In all, Yugoslav exports, as well as imports, decreased from 1929 to 1933, which seriously affected economic situation in the country. Although economic activities in Italy were fairly dynamic shortly before the crisis, the decline in production was severe. However, the Italian Government managed to annul the Italian trade deficit, by limiting imports. On the other hand, Italian exports fell during the crisis to around one half of 1929.

It is important to note that the crisis was not just “imported” neither to Yugoslavia, nor to Italy, and that it appeared as a result of existing preconditions. Overcoming the crisis in both countries was a slow and tough process, and the Italian economy, as the more developed, was under more severe impact. However, they found their way out of the crisis faster than Yugoslavia, where the situation was still difficult in 1934.

The decline in Yugoslav-Italian trade was evident in mid-1920s, but in 1930s it was much more complicated, and the turnover between them never really recovered to reach the level from the first half of the 1920s. During the crisis, the decline was evident in Yugoslav exports of livestock, wood, and especially cereals to Italy, as well as in Yugoslav imports of Italian textile products, cotton, hemp, flax, oil, coffee and leather. However, Yugoslav imports from Italy would soon improve, because of measures taken by the Italian authorities.
Additionally, during the crisis, already existing political tensions between Yugoslavia and Italy intensified again. Political relations had some influence on economic relations between the two countries, but this could hardly be marked as an overarching characteristic in the period between the First and Second World Wars. However, some influential circles in Rome believed that the dependence of the Yugoslav economy on the Italian market could be an instrument to force certain solutions to political problems. An example of political intervention in economic relations was an invitation of Italian authorities, sent to Italian butchers, to buy Hungarian, not Yugoslav livestock, despite cheaper Yugoslav prices. In March 1931, Italy began a campaign to diminish its trade deficit with Yugoslavia and its “exploitation of Italy”. But, Italian businessmen simply had to import some goods from nearby countries, with a clear interest. Italian economic circles were in agreement that Yugoslavia had to be strongly tied to Italy. Due to its economic structure, Yugoslavia was, together with Hungary, the most convenient country for the trade exchange, which would serve Italian industry. Obviously, there was a certain discrepancy between the wishes of Italian economists and businessmen on one side, and politicians on the other.

The Great Economic Crisis and unstable political relations with Yugoslavia caused the Italians to search for new economic partners. In 1931, Italy began a campaign against imports from Yugoslavia, which was higher than Italian exports to Yugoslavia. Italian imports from Yugoslavia also diminished due to a broadening of Italian economic cooperation with Austria and Hungary. Finally, it was clear that an agreement with Yugoslavia had to be concluded, if Italy wanted to maintain its economic positions obtained in 1920s.

The crisis also intensified the Yugoslav-Italian rivalry on the Adriatic Sea, and Trieste especially suffered, acting as a mediator not only in Yugoslav trade with Italy, but in Yugoslav trade with other countries. The decline in railway transport of goods between Yugoslavia and Italy occurred due to both countries suffering serious crisis, but also as a consequence of the Yugoslav redirection the trade traffic to its Adriatic ports. The tariff strife and decrease of the transport through Italian ports in the Northern Adriatic intensified the transport of goods on the Danube River, which was one of preconditions for German
overtaking the Italian portion of the trade with Yugoslavia, which would become evident after 1933.

Since the end of the First World War, Italy intended to avert Yugoslavia from French influence, and it continued to do so during the crisis, searching for British support. However, Italian endeavors were not successful, because Yugoslavia feared of Italian expansionism and it believed that only an alliance with France would protect them. Observing tensions in Yugoslav-Italian relations and the consequences of the Great Economic Crisis, Germany noticed an opportunity to turn Southeastern Europe into its market of the future. What would appear as inevitable in the following years, had its root in late 1920s and early 1930s. Yugoslav-German economic rapprochement, causing damage to Italy, began when France cut off credits to Yugoslavia. Germany strove to accomplish economic cooperation with Italy in Yugoslavia, but this was not in the Italian interests. Yugoslavia worried about Italian expansion in the Balkans, and Italy had the apprehension of German penetration into this region.

The Yugoslav Government faced serious difficulties, especially in agriculture, and it was aware that maintaining Italian economic partnership and market was of crucial importance for surmounting the crisis. Therefore, Yugoslavia was ready to make concessions, in order to stop a further decline in its exports to Italy, and to ease the consequences of the crisis. Italy was one of the greatest customers of Yugoslav merchandise and renewal of trade with Italy was the top priority for its economic stability. The Italian side approached at negotiations with the intent to increase its weak interest for Italian demand for industrial goods in Yugoslavia, and in such a way to diminish its trade deficit with the Yugoslav State. Mutual interest led to a relatively fast conclusion of the Additional Agreement on the Trade Agreement of 1924, signed in April 1932. By this agreement, Yugoslav exports to Italy were made difficult, due to high customs tariffs on Italian imports of some Yugoslav goods, to the effect of balancing the trade exchange. Yugoslav authorities believed that exports to Italy would not be endangered and that Yugoslavia would remain out of Italian plans on the economic rapprochement with Austria and Hungary. In order to maintain the Italian market, Yugoslav side was ready to offer various concessions,
but some problems remained unsolved. The Additional Agreement established the Yugoslav-Italian Permanent Economic Committee and in the following years, this Committee would play the main role in the regulation of Yugoslav-Italian economic relations.

However, the Additional Agreement did not fulfill expectations and many problems remained unsolved. Italy still had a passive balance with Yugoslavia and demand for its industrial products in Yugoslavia was still low. Disorder and a decrease of international trade, followed by various restrictions, contingents, customs barriers, and similar protections, caused difficulties in currency traffic. Yugoslav authorities made some complications regarding foreign currency floats, which hindered the business activities of Italians in Yugoslavia. Namely, Yugoslavia was not able to fulfill demands regarding the financial claims of Italian businessmen. That was the reason for new mode of paying for imported goods, known as clearing, where transactions between two countries were broken up; i.e. imported goods were paid by exported goods. Bilateral trade through clearing was conducted without using hard currency for payments. The aim of clearing was to keep trade deficits at a minimum by keeping a clearing account where a deficit would accumulate. The clearing agreement was part of the general trend towards these types of agreements. The Yugoslav-Italian agreement on clearing was an active response to the problem of diminishing the volume and value of the trade exchange between the two countries. But, even after the introduction of clearing, the Yugoslav trade balance with Italy remained active. Clearing, as a new form of payments, would remain until 1941, and by the time, it would be modified. The Yugoslav-Italian Permanent Economic Committee would conduct these modifications. The promotion of clearing was a direct result of the Great Economic Crisis and its impact on Yugoslav-Italian economic relations.

The value of Italian exports to Yugoslavia increased, but the value of Italian imports from Yugoslavia decreased. Although Italian intentions to diminish the trade deficit with Yugoslavia were quite evident, Italy still had passive balance with Yugoslavia. Yugoslavia succeeded in keeping the Italian market, although in absolute numbers Yugoslav exports there fell. However, livestock, poultry and wood accounted for around 85% of total Yugoslav exports to Italy in 1933. At
that time, when the Yugoslav Government planned to increase exports, the Italian Government, endeavoring to diminish deficit, started to promote limitations on imports from Yugoslavia. But, even in the years of the crisis, Yugoslavia maintained an active trade balance with Italy, although in 1932 it was much lower than in 1929, due to the general decline in the value of merchandise exported and imported between the two countries. According to Yugoslav statistics, Yugoslav exports to Italy decreased from 24,9% in 1929 to 21,5% in 1933. However, Yugoslav imports from Italy increased from 10,8% in 1929 to 15,9% in 1933, due to measures taken by the Italian Government. However, observed in percentages, Yugoslavia did not have such important role in Italian foreign trade. In 1933, only 2,54% of total Italian imports arrived from Yugoslavia, while only 2,08% of total Italian exports went to Yugoslavia.

The revival of Italian industrial production and signing the agreement on clearing enabled Italy to find a market for its goods in Yugoslavia with more success, and the sale of Italian merchandise to Yugoslavia in 1933 improved. Italy and Yugoslavia stabilized their economic relations in 1933, and it was mutually expected that they would further enhance them. However, serious threats to Italian interests in Southeastern Europe appeared when Germany started to show more interest in the Balkans, and particularly in Yugoslavia, as a market and as a source of raw materials. The crisis particularly impacted Central Europe, and therefore Yugoslav-Italian economic relations were tied to the problems of economic reconstruction in the Danube region. However, due to German competition, Italy would lose many of its economic positions in Yugoslavia in the following years.

Overcoming the crisis in Italy and Yugoslavia was a slow and difficult process, and economic factors influenced political relations between the two countries.
Part III: Yugoslav-Italian Economic Relations Post-Crisis and in Years of the German Economic Penetration into Southeastern Europe (1933–1941)

a) From the End of the Crisis to the End of Sanctions against Italy – A German Breakthrough

German interest in Southeastern Europe and particularly Yugoslavia appeared at an early stage of the crisis. German intentions to turn Southeastern Europe into its own market were already evident by 1930, with some Italian economic circles noticing it as a serious threat, due to a very competitive German economic power. In an attempt to overwhelm the crisis, German authorities counted on Southeastern Europe, not only as a market, but also as a source of basic commodities. Yugoslav-German economic approach started at the end of 1931, when France stopped giving loans to Yugoslavia. However, a resolute German breakthrough into Southeastern Europe happened in the years after the crisis.

At the request of the Directorate of Industrial Corporations, the Consular-Economic Department of the Ministry of Foreign Affairs in Belgrade provided an analysis in January 1934 on possibilities of selling Yugoslav goods in the Italian market, especially in Southern Italy. They wrote that Italy imported frozen meat from overseas for feeding its army and people, and that Yugoslavia should take the advantage by exporting fresh meat, for which they had better quality, to Italy. They also saw an opportunity in the exportation of Yugoslav livestock to Italy, despite competition from Hungarian and Romanian exports of cattle. In 1932, Italy imported meat products at a value of 19 million liras, and the main exporter was Belgium. The same year, the Italian market consumed fresh fish, canned fish and lobsters in the value of 158 million liras, and the Yugoslav share of that was 2.5 million liras. Italy constantly needed to import horses, and Hungary tried, by all means, to take the Yugoslav share in Italian imports of horses. But, Bosnian cobs, highland horses, were much more appreciated on the Italian market, and in Southern Italy neither Hungary nor Romania posed a serious challenge to Yugoslav
exports of horses and livestock. Those types of Yugoslav exports to Southern Italy were relatively small, because of market size. Yugoslav eggs were too expensive for the markets in Puglia (290–300 liras per box), where Albanian and Turkish eggs were cheaper, although not of such a quality.506

The analysis also wrote that Yugoslav exports of wheat to Italy would not be possible, due to a high customs rate of 70 liras per 100 kg, while the market price was 80–85 liras per 100 kg. Besides, Italy imported less and less wheat, while its importation of maize remained relatively high. Romania and Argentina exported the most, and Yugoslav share was low. However, Yugoslav corn found its market in Northern Italy, where white corn was milled and used as food for cattle and poultry, and in Southern Italy, especially Puglia, where they used the small, red granular sort, type “La Plata”, was used, without grinding, for feeding cattle and poultry.507

Italy still demanded high Yugoslav exports of wood, but Austrian steadily grew. Rome was considering a possibility to increase custom rates on Yugoslav wood in April 1934 and Belgrade recognized it as a potential measure of the Italian Government to give an advantage to Austrian exports of wood in Italy.508 Yugoslavia did not export tobacco to Italy, unlike Greece, Bulgaria, Turkey and the U.S.A. Italy imported unprocessed tobacco from these countries at an annual value of 70 million liras, processed it, and exported it to France, Great Britain, Switzerland and Germany. It was noticed that the Yugoslav share of Italian imports of coal (2,3 million out of 609 million liras) could be extended. Yugoslav exports of leather to Italy could also be improved, bearing in mind that Yugoslav leather was of better quality than Albanian, Turkish, Greek and Romanian. They suggested fur as an article, which would also find its market in Italy. At the end of the analysis, there was one more concrete suggestion: Yugoslav exports of slaughtered poultry to Puglia during winter could be a new opportunity, although local authorities were conditioning that by Yugoslav imports of almond, which was the main product of Bari. In such ways, the mediation of Trieste and Fiume/Rijeka would be annulled.509

507 Ibid.
In order to give a new impulse to their economic relations in the period after the crisis, Yugoslavia and Italy signed on the 4th of January 1934 in Rome an Additional Agreement to the Agreement from the 25th of April 1932, which added to the Agreement on Trade and Navigation from the 14th of July 1924.\footnote{AJ, 334(KPO), 384–1207; Pregled međunarodnih ugovora i drugih akata od međunarodnopravnog značaja za Jugoslaviju od 1918. do 1941. godine, Beograd 1962, 275.}

Italy, Austria and Hungary signed the agreement on the 17th of March 1934 in Rome, with which they arranged a new economic cooperation between them. Italian authorities believed that Yugoslavia would become more isolated, and that German economic penetration towards the Southeast was, if not totally stopped, than at least hindered and decelerated. The agreement also had a goal to increase the turnover among Italy, Austria and Hungary, as well as to overcome difficulties in the Hungarian sale of grain. In fact, Italian exports to these two partners increased, but Vienna and Budapest had problems making payments. The Yugoslav Legation in Rome sent a report to Belgrade, in which they noted that Italy had given too many concessions to Austria and Hungary, which surpassed real Italian economic power, additionally complicating the economic situation there.\footnote{Izveštaji Ministarstva inostranih poslova Kraljevine Jugoslavije za 1934. godinu – Izvori za istoriju međunarodnih odnosa 1930–1940, V (priredili Nada Petrović i Jelena Đurišić), Beograd 2010, 302.} The Roman Protocols lasted for three years, but they seriously influenced Yugoslav trade with the three countries, and Yugoslav turnover with them diminished. The Protocols and the problem of sales of Yugoslav goods pushed Yugoslavia to start approaching Germany, and leave France behind. France, the traditional Serbian and Yugoslav ally, did not retain any more significance, as in previous years. It did not openly support Yugoslavia in its disputes with Italy and it did not give any support in the Yugoslav search for new markets.\footnote{Enes Milak, Italija i Jugoslavija 1931–1937, 73–75.}

With two agreements in 1933 and 1934, Germany made it easier for Yugoslavia to export, and Yugoslav exports to Germany increased in comparison to 1932. However, the Yugoslav-German Trade Agreement, concluded on the 29th of July 1933, had a temporary feel. They signed the new agreement on the 1st of May 1934. That was in direct response to the
Italian-Austrian-Hungarian agreement signed in March. With this new contract, Yugoslav-German economic relations were regulated on the basis of the most privileged nations in trade and transport. Germany gave Yugoslavia privileges for exporting agrarian products, while Yugoslavia decided to favor German industrial products.\footnote{Boško Đorđević, \textit{Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine}, Zagreb 1960, 139–145.} This agreement also had a political significance, as one of turning points in Yugoslav-Italian economic relations. It established the crucial preconditions for German economic penetration into Yugoslavia and the Balkans, a region that Italy considered as its own sphere of influence. The Italians observed with great attention the Yugoslav-German economic negotiations, through their diplomatic envoy in Belgrade, Galli. When the agreement was concluded and signed on the 1\textsuperscript{st} of May 1934, Galli warned Rome of potential consequences for Italian economic and political interests. He pointed out that the main Yugoslav products that would compete with Italian products in the German market were agrarian products, grapes, fruits and ferrosicilium. Also, German industrial products, such as electro-industrial goods, automobile products, tyres, aluminum, chemicals and engines, would endanger Italian exports to Yugoslavia in these fields. According to Galli’s estimates, Germany was ready to engage all available means to economically conquer the Balkans, and it was already the greatest Italian rival there. However, the Italian Government was not worried, due to Mussolini’s belief that Germany could not penetrate into the Southeast through Yugoslavia. Germans believed differently, and they considered the Trade Agreement with Yugoslavia as the first-rate economic and political event.\footnote{Enes Milak, \textit{Italija i Jugoslavija 1931–1937}, 105.}

Yugoslav King Aleksandar I Karađorđević wanted to reach an agreement with the Italian leader Benito Mussolini, and he even thought to offer the Bocca di Cattaro/Boka Kotorska bay for Italian use, as well as to advocate Italian interests in the League of Nations.\footnote{Jacob B. Hoptner, \textit{Jugoslavija u krizi 1934–1941}, 64.} But, in autumn 1934, a tragedy happened that would additionally deteriorate Yugoslav-Italian relations in their totality. Yugoslav King Aleksandar I Karadžorđević was killed in Marseille on the 9\textsuperscript{th} of October 1934, during his visit to France in which he tried to give new impetus
to Yugoslav-French relations. Bulgarian and Croatian radicals prepared and perpetrated the assassination. They sought for the dissolution of Yugoslavia, and the assassination was most likely financed by the Fascist regime. Belgrade believed that Rome was not only a financier, but also an inspirer of the assassination. A possible reason was of an economic nature. Namely, Yugoslav King Aleksandar I Karađorđević remained neutral on the idea of a German-Austrian customs union, in which Italy saw a threat to its interests. Additionally, he considered the eventual annexation of Austria by Germany less harmful than Austrian-Italian economic approach.\footnote{Enes Milak, \textit{Italija i Jugoslavija 1931–1937}, 85–88.} Actually, King Aleksandar I endeavored to make Yugoslavia the most important player in the Balkans and the Danube region, directly against Italian interests.

Aiming to achieve a high level of economic independence, the Italian Government introduced measures leading towards autarchy. Those measures included: high protective customs tariffs, a system of quotas on imports to Italy, and partial currency control. In February 1935, they established a general system of quotas, with the clear intention to alleviate imports and exports, and to eliminate passive trade balance.\footnote{AJ, 65, 243–736.} In other words, no state should export to Italy more than it imported from Italy. That assumed a reduction of Italian imports by about 30%.\footnote{Živko Avramovski, \textit{Balkanske zemlje i velike sile 1935–1937: od italijanske agresije na Etiopiju do jugoslovensko-italijanskog pakta}, 67.} In 1934, Italy had an active trade balance only with Albania, Greece, Switzerland, Hungary and Italian colonies.\footnote{AJ, 334(KPO), 461–1453.} With all other countries with which it had the trade exchange, including Yugoslavia, Italian balance was passive, all together for about two billion and 500 million liras.\footnote{AJ, 334(KPO), 402–1298.}

The system of quotas seriously damaged Yugoslav exports to Italy.\footnote{Milivoj Pilja, one of leading Yugoslav economists, employed as an expert in the Ministry of Trade and Industry, wrote on the 27th of May 1935 an elaboration about Yugoslav current economic relations with Italy and a need for their regulation, and sent it to Yugoslav Prime Minister and Minister of Foreign Affairs Bogoljub Jevtić. He}
wrote that the Yugoslav economy mostly depended on foreign markets. Such dependence was reflected in weak consumption capacity and the purchasing power of the domestic market, which were not able to consume all domestic agricultural products. Also, the dependence was manifested by the willingness of foreign countries to buy Yugoslav products. Without exports of agricultural products, or with a lower value or quantity of those types of exports, the Yugoslav economy would greatly suffer. From 1928 to 1934, the Yugoslav economy received, on average, 2.7 billion dinars annually for sales of its agricultural products. The main clients were Italy, Germany, Austria and Czechoslovakia, which made markets from Hamburg to Rome irreplaceable, having a tremendous significance for Yugoslav economic development.\(^{522}\)

He also wrote that Yugoslav exports to Italy, although in constant decline, always had the best market there for agricultural goods. However, that position became endangered by recent political factors, such as the Roman Protocols between Italy, Austria and Hungary, as well as Italian autarchy. In Yugoslav exports Italy was always in first place, with the exception of 1933, when Austria took over first place. Italian participation in Yugoslav exports from 1925 to 1935 was between 20% and 28% in value, and it was between 700 million and 2 billion dinars. Yugoslav imports from Italy, on the other hand, had been previously much lower than Yugoslav exports to Italy, but they increased gradually, and it was 2/3 of exports. Pilja emphasized that Italy had been the most important Yugoslav customer, absorbing 1/4 of total Yugoslav exports, and it was still the most important Yugoslav customer, absorbing currently 1/5 of total Yugoslav exports. In 1934, Italy purchased Yugoslav wood at a value of over 110 million dinars, poultry at a value of over 80 million dinars, livestock for 60 million dinars, bean for 30 million dinars, eggs for 25 million dinars, horses for 13 million dinars, etc.\(^{523}\)

In his elaboration, Milivoj Pilja wrote that Yugoslav exports to Italy decreased, and that there was not much hope it would reach earlier levels. According to his opinion, there were two reasons for such a decline: 1. Autarchy in the Italian economy, with a final goal to obtain economic independence by applying high customs protection tariffs,
and a system of quotas on imports, as well as currency control. Positive results of such endeavors could be seen in the battle of wheat, i.e. the possibility of satisfying all Italian needs by domestic production; and 2. Economic privileges to its political allies, Austria and Hungary, which had some preferential concessions in economic relations with Italy, at the expense of other competitors. However, some stipulations of the Roman Protocols remained secret, and real contents of the privileges given to these two countries were unknown.524

The Yugoslav expert noticed that the last shock to Yugoslav exports to Italy was given in February 1935, by a general introduction of the quota system, due to the principle of the Italian Government: to make equal Italian imports and Italian exports. Practically, that would mean no countries should have an active balance in the trade exchange with Italy. It should be also mentioned that Germany introduced clearing practices first. However, with such a goal, a reduction of all Italian imports would be applied to approximately 30% of those from 1934. If that happened, Yugoslav exports would face serious difficulties, and Pilja reckoned that new negotiations were a matter of urgent importance. The ultimate objective of negotiations should be: 1. Italian imports quotas must not be applied to Yugoslavia, or at least should be reduced, and 2. Privileges given by the Roman Protocols to Hungary and Austria should be broadened to include Yugoslavia, or some other privileges should be given to Yugoslavia, as a satisfactory equivalent. Milivoj Pilja thought that those requests could be defended since payments between Italy and Yugoslavia had already been regulated by the agreement on clearing, which by itself had a tendency to equal exports and imports. So, by clearing, Italy already achieved a decrease in imports from Yugoslavia. Italy undoubtedly held a passive balance in trade with Yugoslavia, but Italy made great profits by investing share capital in banking and insurance businesses in Yugoslavia. Additionally, from 1925 to 1934, Italy earned 1,373,649,289 dinars in the sea transport of Yugoslav goods, or on average around 120 million dinars annually.525

The Yugoslav economist concluded that negotiations with Italy should start as soon as possible. He also concluded that a major difficulty in the regulation of Yugoslav economic relations with Italy

524 Ibid.
525 Ibid.
and other countries was the absence of any control over Yugoslav imports. With the free trade, Yugoslavia was handed over to the mercy of other countries, and while that question remained open, a further deterioration of economic positions should be expected.\textsuperscript{526}

Actually, the active Yugoslav balance with Italy fell from 1,118 million dinars in 1929 to 242 million dinars in 1934, due to the Italian economic measures.\textsuperscript{527}

A need for new negotiations was quite evident. The Yugoslav delegation, led by Milivoj Pilja, talked to the Italian delegation in May and June 1934 in Rome. However, these talks ended without results. The Italian side was not ready to give to Yugoslav exporters the same privileges as it had previously given them to Austrian and Hungarian exporters, explaining such a decision with the trade deficit with Yugoslavia. Talks were not pleasant, and Pilja announced the possibility of limits to Yugoslav imports from Italy, as well as a search for new markets of Yugoslav wood and livestock, particularly in Germany and the French colonies in Northern Africa. The Italian Government took this message seriously, and it sent instructions to its diplomatic representative in Belgrade, requesting him to inform the Yugoslav Government that Italian trading policy was based on the principle of bringing into balance its trade exchange, and that each limitation of the Yugoslav imports from Italy would have as a consequence a limit on Yugoslav exports to Italy.\textsuperscript{528}

However, other countries asked for negotiations and interventions, regarding the Italian system of quotas. Therefore, the Italian Government postponed the final introduction of the system two times. Instead, a temporary system was in effect, according to which each country, in 1935, could export to Italy no more than 100% of its exports to Italy in 1934.\textsuperscript{529}

Yugoslav-Italian rivalry in Albania continued after the crisis. The Albanian Government wanted to obtain a loan of three million golden francs from Yugoslavia, to organize its state monopoly of tobacco. To

\textsuperscript{526} Ibid.
\textsuperscript{527} AJ, 65, 243–736.
\textsuperscript{528} Enes Milak, \textit{Italija i Jugoslavija 1931–1937}, 103–104.
\textsuperscript{529} Živko Avramovski, \textit{Balkanske zemlje i velike sile 1935–1937: od italijanske agresije na Etiopiju do jugoslovensko-italijanskog pakta}, 68.
that effect, in July 1934, Josif Marković, from the Directorate of State Monopolies visited Tirana, as a guest of the Albanian Government. But, in order to prevent such a possibility of Yugoslav-Albanian economic cooperation, the Italian Government approved three million golden francs to Albania in January 1935, for refunding salaries and other budget needs. The Albanians used this money to pay wages to army officers and state clerks. With a clear aim to push back Yugoslav economic positions in Albania, the Italian authorities decided in December 1935 to allow the import of Albanian olives, although any imports of olives to Italy had been prohibited since 1933.\footnote{Ibid, 199.} In first six months of 1935, Yugoslav exports to Albania valued 277.314 golden francs, while Yugoslav imports from Albania valued 95.254 golden francs.\footnote{AJ, 37, 95–529.} In March 1936, Italy and Albania signed a new agreement, which Yugoslavs considered a new threat to their economic interests in Albania.\footnote{Ladislav Deák, Jugoslovensko-italijanski odnosi 1932–1937, 202.}

In first six months of 1935, Yugoslav exports to Albania valued 277.314 golden francs, while Yugoslav imports from Albania valued 95.254 golden francs. In March 1936, Italy and Albania signed a new agreement, which Yugoslavs considered a new threat to their economic interests in Albania. In 1934, the Italian economy, despite evident signs of recovery, was still unsatisfactory and inadequate to confront by economic means the German penetration into Yugoslavia. But, from the end of the crisis until the enforcement of sanctions against Italy in autumn 1935, Italy was still the most important buyer of Yugoslav goods. Thus, in 1934 Italy accepted 20,57% of all Yugoslav exports, and in the first half of 1935 20,5%. Italy was ahead of Germany (16,88%), Austria (14,49%), Czechoslovakia (12,16%) etc. The percentage of some Yugoslav exports articles, that were ordered and purchased in Italy, was even higher. Bearing in mind that some of these products were among the most important goods of all Yugoslav exports, it is quite clear that Italy remained a significant Yugoslav customer.
Table 64: Main Yugoslav goods exported to Italy in 1934 and 1935

<table>
<thead>
<tr>
<th>Goods</th>
<th>% bought by Italy (of all Yugoslav exports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poultry</td>
<td>93.5%</td>
</tr>
<tr>
<td>Firewood</td>
<td>89.4%</td>
</tr>
<tr>
<td>Construction timber</td>
<td>57.8%</td>
</tr>
<tr>
<td>Beans</td>
<td>56.9%</td>
</tr>
<tr>
<td>Eggs</td>
<td>24.4%</td>
</tr>
<tr>
<td>Livestock</td>
<td>23.5%</td>
</tr>
<tr>
<td>Meat</td>
<td>14.6%</td>
</tr>
</tbody>
</table>


Also, in its need for some goods, Yugoslavia imported a high percentage from Italy. In 1934, 15.53% of all Yugoslav imports arrived from Italy.

Table 65: Main Italian goods imported to Yugoslavia in 1934 and 1935

<table>
<thead>
<tr>
<th>Goods</th>
<th>% bought by Yugoslavia (of all Italian exports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>80.5%</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>62.8%</td>
</tr>
<tr>
<td>Citrus fruits</td>
<td>54.6%</td>
</tr>
<tr>
<td>Silk yarn</td>
<td>44.2%</td>
</tr>
<tr>
<td>Cotton cloths</td>
<td>31.6%</td>
</tr>
<tr>
<td>Silk cloths</td>
<td>17.9%</td>
</tr>
<tr>
<td>Woolen cloths</td>
<td>12.4%</td>
</tr>
</tbody>
</table>


However, Yugoslav exports to Italy constantly decreased, due to the aforementioned measures by Italian authorities. In 1931, it was 25% of total Yugoslav exports, in 1932 it was 23.1%, in 1933, 21.5%, and in 1934, 20.6% of all Yugoslav exports. On the other hand, Yugoslav imports from Italy increased from 10.3% in 1931 to 15.5% of total Yugoslav imports in 1934.\(^{533}\)

In first ten months of 1934, Yugoslavia ranked tenth place in the Italian imports, but observed in the frame of Eastern and Central Europe (without Germany), it was in first place. The value of the Italian imports from Yugoslavia was around 170 million liras, which was 2,71% of total Italian imports from the 1st of January to the 31st of October 1934. Yugoslavia was ahead of Austria (2,44%), Romania (1,61%), Hungary (1,40%), Czechoslovakia (1,23%), Poland (1,10%), Turkey (0,91%), Greece (0,43%), Bulgaria (0,41%) and Albania (0,19%). As for the Italian exports, Yugoslavia ranked seventh, with a value of around 117 million liras of goods purchased from Italy. But, among East and Central European countries it was first with 2,77% of all Italian exports from the 1st of January to the 31st of October 1934. Behind Yugoslavia were: Hungary (2,58%), Austria (2,39%), Czechoslovakia (1,73%), Romania (1,57%), Poland (1,52%), Greece (1,10%), Turkey (0,70%), Albania (0,45%) and Bulgaria (0,23%).

As a sign of Italian economic recovery, Belgrade received information from its consulate in Trieste in January 1934 regarding the increase of transport through this port, as well as marked an improvement in the economic activities in the region of Trieste.

At the beginning of 1934, Yugoslav tradesmen from Kruševac transported livestock to Bari and sold it there, taking advantage of low customs tariffs, which had been raised on the 1st of March 1934. Yugoslav businessmen exported plums to Italy, but Italian customers occasionally complained on packages and weight, although the quality was never questioned. Italian importers purchased 25 wagons or 250 tons of Yugoslav “žuka”, a sort of swampy hard grass, which was mostly bred on the confluence of the Neretva river on the Adriatic Sea, near the town of Porto Narenta/Metković. Actually, only tradesmen from Puglia bought it, and it was used for making wicker baskets for olives. A Yugoslav company from Savski Marof exported 1,5 wagons of yeast monthly. But, on the suggestion of Italian producers of yeast, Italian authorities decided that Yugoslav yeast would be tested on the border before entrance to Italy. In Savski Marof they knew

---

535 AJ, 76, 78–147; Goran Latinović, Trst u jugoslovensko-italijanskim ekonomskim odnosima između dva svjetska rata, 118.
that yeast from other countries was not analyzed, and they protested to the Yugoslav Government. In December 1934, Italy prohibited imports of fresh meat, and already in January 1935, two wagons of slaughtered cattle from the Yugoslav town of Koprivnica were held on the border. A Yugoslav company from Smederevo sold 30 tons of beans in February 1935 to the Italian company “Marco Rocco di Giuseppe” from Napoli. They exported 15 tons through Sussak/Sušak and 15 tons through Thessalonica. Also, a small company from Čakovec exported two wagons of beans to Italy. In June 1935, Salvatore Nahmias from Milano purchased 40,000 kg of silk capsules from a Yugoslav company in Novi Sad.

In September 1935, Yugoslavia had clearing claims from Italy of 160 million dinars, and the Yugoslav Government informed the Italian Government that it could not continue with financing exports to Italy, and it asked for new negotiations regarding clearing. However, a new agreement on clearing was not signed, because of Italian engagement in Africa, and economic sanctions against Rome.

France and Italy signed an agreement in 1935, and in the same year Italy and Germany brought each other closer. Actually, Italy wanted to maintain status quo in the Balkans and the Danube region, because of its preparations for the campaign in Africa. Colonies that Italy created in late 19th and early 20th century did not have natural preconditions to satisfy Italian needs in raw materials, and as markets they could not receive Italian industrial products. Therefore, new sources of basic commodities and new markets, so necessary for Italian economy, could be obtained only through a campaign in Africa.

After King Aleksandar’s death, the main political figures in Yugoslavia became his cousin Pavle Karadordević, and Prime Minister Milan Stojadinović. When he took control of the Yugoslav Government in late June 1935, he noticed that relations with Italy had been disadvantageous. In August 1935, the Italian Government informed the Yugoslav Government that in case of improved political relations,
it would be possible to conclude a new trade agreement.542 Just a few months later, the German diplomatic envoy in Belgrade, Victor von Heeren, sent Hitler’s message to Stojadinović, in which the Führer expressed German interest for strong Yugoslavia.543

In October 1935, the League of Nations proclaimed Italy as an aggressor, due to its campaign against Ethiopia and decided to impose economic sanctions against Rome. Of the 54 members of this international organization, 50 agreed on the sanctions. They proclaimed the 18th of November 1935 as a date when sanctions would be applied. The Committee for the Coordination of Sanctions was established, as well as the Board of 18 countries, where Yugoslavia also participated.544

According to a decision of the League of Nations, any imports from Italy to member countries were forbidden, and exports to Italy were also partially prohibited, including the exportation of weapons, horses, donkeys, iron, iron ore, nickel, aluminum, and bauxite. However, some materials important for waging the war, such as petroleum, coal, coke, and steel, were not prohibited to export to Italy. Also, it was forbidden to do any type of financial operations with Italy, such as the giving and taking of loans and credits.545 Countries that were not members of the League of Nations, including the United States of America and Germany, were not obliged to participate in sanctions against Italy. Albania, Austria and Hungary did not support their application. These countries had the opportunity to broaden the trade exchange with Italy, overtaking a portion of those that participated in sanctions. The Belgrade’s decision to participate in sanctions caused a deeper economic problem for Yugoslavia, but the geo-strategic and political positions of Yugoslavia laid down conditions for the Yugoslav Government to make difficult decisions.546 However, Italy supplied its needs for waging the war against Ethiopia by purchasing various goods in Yugoslavia during spring 1935.547

542 Ladislav Deàk, Jugoslovensko-italijanski odnosi 1932–1937, 197.
543 Milan M. Stojadinović, Ni rat ni pakt, 410.
Although all countries did not participate in the sanctions, the Italian trade exchange was seriously affected in the first half of 1936. Italian imports diminished by one third, while exports decreased 7%. In 1936, the Italian colonies received 31% of all Italian exports, much more than in 1935 (14.3%). Thus, the geographic balance of Italian international trade changed. As a result of the sanctions, Italian imports from Germany gradually increased, and in 1940 they reached 40%. On the other hand, Italy was not capable of exporting too much to Germany. Also, the Italian ability to import was only half in comparison with 1913.\textsuperscript{548}

The Yugoslav Government, although absolutely conscious of all the negative economic consequences, decided to accept and apply sanctions against Italy. Already on the 18\textsuperscript{th} of November 1935, Belgrade decided to suspend imports from Italy and to call off the clearing agreement, which became obsolete. The Yugoslav Government decided to apply financial measures to the Kingdom of Italy, its Government, citizens, public institutions and persons, as described in five items: 1. It was not allowed to either directly or indirectly offer loans to the Italian Government, or receive loans from the Italian Government; 2. It was not allowed to either directly or indirectly give credits to the Italian Government, as well as to conduct an additional implementation of previously concluded arrangements on crediting; 3. It was not allowed to either directly or indirectly give loans to public institutions or persons on the territory of the Kingdom of Italy; 4. It was not allowed to either directly or indirectly open a bank account and crediting of public institutions and persons on the territory of the Kingdom of Italy; and 5. It was not allowed to issue shares of stock or money acquisitions on the Yugoslav territory on behalf of Italian public institutions or citizens, as well persons who had a residence in Italy.\textsuperscript{549}

However, Conte Viola di Campalto, the Italian envoy in Belgrade, told Milan Stojadinović, the Yugoslav Prime Minister, that Yugoslav participation in sanctions against Italy would not damage Yugoslav-Italian relations, and that in spite of the Italian engagement in Africa, Rome did not lose its interests in Southeastern Europe.\textsuperscript{550}

\textsuperscript{548} Vera Zamagni, \textit{The Economic History of Italy 1860–1990}, 270–271.
\textsuperscript{549} AJ, 76, 79–151.
\textsuperscript{550} Milan M. Stojadinović, \textit{Ni rat ni pakt}, 410.
against Italy were outflanked in various ways and Albanian tradesmen were buying goods in Yugoslavia and selling in Italy.\textsuperscript{551}

In the Ministry of Trade and Industry in Belgrade people became aware of the tremendous damage sanctions would cause to the Yugoslav economy, but they considered Yugoslav participation in them as an obligation to international politics. They organized a confidential conference in Belgrade on the 25\textsuperscript{th} of November 1935. At the conference, participants included representatives from the highest level of the economic policy of Yugoslavia: the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Traffic, General Directorate of Railways, Ministry of Forestry and Mines, the National Bank, the Institute for Improvement of Foreign Trade, chambers of commerce from Belgrade, Zagreb, Osijek, Sarajevo, Banja Luka, Spalato/Split, Ljubljana, Novi Sad, Ragusa/Dubrovnik, and various associations of industrialists and businessmen. The final conclusion of the conference was that the Italian economy could withstand sanctions, and that Yugoslavia should search for new options and new markets, as well as to search for ways to ease all the negative consequences.\textsuperscript{552}

On the 12\textsuperscript{th} of December 1935, the Italian economic attaché in Belgrade, Benedetti, received a letter from a certain Fabiani. The author noted that measures against the sanctions, introduced by the Italian Government, were celebrated in Rome, while Italian workers made a huge material and physical sacrifice.\textsuperscript{553}

Yugoslav exports to Italy became impossible, and the Yugoslav-Italian trade exchange, as the most significant component of Yugoslav-Italian economic relations, practically ceased. Some branches of the Yugoslav and Italian economies were significantly affected, with difficulties to find new markets. The Yugoslav wooden and agricultural industry sustained a tremendous damage, as well as the Yugoslav and Italian textile industries. Even before the application of sanctions, Yugoslav authorities worried that around 20,000 workers in the wooden industry would lose their jobs.\textsuperscript{554} Already in October 1935, the Central Committee of the Wooden Industry requested from the

\textsuperscript{551} AJ, 334(KPO), 403–1312.
\textsuperscript{552} AJ, 76, 79–151.
\textsuperscript{553} AJ, 37, 30–217.
\textsuperscript{554} AJ, 76, 79–151.
Yugoslav Government to avoid the application of sanctions, and to find a solution for the compensation of all losses. In January 1936, at least four Slovene companies, specialized in exports to Italy, had to stop their work. However, some Yugoslav companies, located in Slovene regions and Croatia, managed to find a solution to the export of wood and wooden products to Italy, by going through Austria and as Austrian merchandise. The wooden industry in Bosnia, which had been selling to Italy around 2/3 of all its exports, faced an accumulation of unsold goods, which amounted 190,000 cubic meters in late December 1935. Italy was the destination for 64.75% of all Yugoslav exports of wood in 1934. That same year, Italy imported 1,250,215 tons of wood, 490,622 tons from Yugoslavia, 343,387 tons from Austria, 201,503 tons from Soviet Union, 101,131 from U.S.A, 34,617 from Romania etc. But in January 1936, Yugoslav exports of wood to Italy practically terminated. Austria, which decided not to participate in sanctions, took advantage and tremendously increased its exports of wood and wooden products to Italy.555 During 1936, Yugoslav Prime Minister Milan Stojadinović received complaints from unsatisfied companies engaged in the wooden industry and trade.556

Participation in sanctions harmed the Yugoslav textile industry, as well as the Italian textile industry. Most Yugoslav factories purchased cotton yarn from Italy, and around 2/3 of all Yugoslav imports originated from there. In 1934, Yugoslavia imported 15,441,889 kg valued at 390,670,773 dinars, and the Italian share was 11,064,403 kg and 245,565,209 dinars. Due to the sanctions, Italy lost a significant customer, and Yugoslavia had to search for other exporters. Czechoslovakia seemed to be the best candidate, but it proved to be too small a portion, which was not enough to satisfy the business of Yugoslav companies. Actually, Czechoslovakia wanted to use a difficult position of the Yugoslav textile industry to sell to the Yugoslav market as much as possible of its finished products.557

The Yugoslav Government received many complaints from various business actors in December 1935, regarding serious problems

556 AJ, 37, 38–262.
they had since the implementation of sanctions. Closing of the Italian market had negative consequences on Yugoslav exports and its trade balance. In November 1935, the value of Yugoslav exports to Italy was 54 million dinars, while in January 1936 it was only 4.1 million dinars. The decrease in exports of wood was 95%, livestock 96% and poultry almost 100%. Therefore, in January 1936, the Yugoslav trade balance was passive for 53.7 million dinars, and in February it was passive for 64.9 million dinars. The Italian press wrote about serious economic consequences Yugoslavia had in the beginning of 1936, due to participation in sanctions against Italy.

Rome was aware that Belgrade was unsatisfied with the lack of support from Western allies for the possible compensations of losses caused by the sanctions. Therefore, in early 1936, the Italians gave attractive offers to Yugoslav businessmen, assuming that Yugoslavia would intervene in Geneva to cancel the sanctions against Italy. But, Yugoslavia refused all offers. According to the report sent to Belgrade from the Yugoslav Consulate General in Milano in February 1936, Italian authorities took strict control over economic flows in the country. Italian trade exchange with France declined significantly, and autarchy could not replace imports of Yugoslav wood and livestock.

The drastic decline in trade between Italy and Yugoslavia was evident, and in 1936 (although sanctions applied through July) Yugoslav imports from Italy were only 45 million liras, while Yugoslav exports to Italy were only 69 million liras. The value of Yugoslav exports to Italy from 1933 to 1935 averaged 731,800,000 dinars, and the value of Yugoslav imports from Italy averaged 461,500,000 dinars, showing a substantial balance in favor of Yugoslavia. However, exports to Italy dropped to 137,200,000 dinars in 1936, and imports from Italy to 101,700,000 dinars. In the first half of 1935, the Yugoslav trade

---

559 Ibid, 71.
562 AJ, 74, 1–1.
563 Enes Milak, Italija i Jugoslavija 1931–1937, 144.
564 Jozo Tomasevich, Foreign Economic Relations 1918–1941, 209.
balance with abroad was active for 368.2 million dinars, but in the first half of 1936 it was passive for 28.6 million dinars.\textsuperscript{565}

With regard to the economic sanctions against Italy, the problem of border traffic between Italy and Yugoslavia surfaced. The Yugoslav Consulate General in Fiume/Rijeka contacted the local Italian authorities and advocated opinion that sanctions did not apply to border traffic. The Italian authorities agreed, and border traffic proceeded without obstacles. The Yugoslav Consulate General had the impression that the Italian side was eager to continue the trade exchange with Yugoslavia, even with neglecting the sanctions. Payments in that trade would be made in gold, or by private compensation. The Ministry of Foreign Affairs in Belgrade answered that Yugoslav authorities would give their utmost efforts to improve trade with Italy, but only in line with actual regulations and obligations of the sanctions. Italian businessmen were interested in Yugoslav wood, poultry and eggs, and willing to compensate it for Italian artificial silk. However, the Ministry of Corporations in Rome forbade imports to Italy of those Yugoslav goods, because of Yugoslav participation in the sanctions.\textsuperscript{566}

As for the traffic, the Yugoslav-Italian rivalry on the Adriatic became more emphasized during sanctions, and mutual customs controls additionally complicated matters. On the 18\textsuperscript{th} of June 1936, in the port of Sebenico/Šibenik, Yugoslav authorities searched the Italian motor ship “Brioni”, in property of “La Compagnia adriatica di navigazione per la Dalmazia e l’Albania”, in order to find smuggling goods. The commander of the ship, Captain Michele Carofiglio, sent a report on this search to the Italian Consulate General in Spalato/Split, complaining and expressing that he had never experienced anything like that in his naval career. The Consulate was aware that the search was legal, but it certainly left a negative impression to tradesmen and passengers. Yugoslav authorities suspected that there were weapons for Albania on that ship. Rome had the information about similar controls of Yugoslav boats in Italian ports. Thus, three Yugoslav ships were objects of Italian customs control: 1. “Srbin” in Trieste on the 22\textsuperscript{nd} of April 1936, 2. “Ivo Rajić” in Margerha near Venezia on the 25\textsuperscript{th} of July 1936, and 3. “Petar”

\textsuperscript{565} Spoljna trgovina Jugoslavije u prvom polugodištu 1936, Zagreb 1936, 401.
\textsuperscript{566} Živko Avramovski, Balkanske zemlje i velike sile 1935–1937: od italijanske agresije na Etiopiju do jugoslovensko-italijanskog pakta, 72–73.
in Catania on the 26th of July 1936. Italian customs officers looked for smuggled cigarettes, and found them only on “Petar”.

Clearing between Yugoslavia and Italy, regulated by the agreement signed in Rome on the 22nd of October 1932, was suspended on the 18th of November 1935. The National Bank of Yugoslavia ceased further receiving liras from INCE, and stopped sending money to INCE, for all goods purchased or sold between the two countries. All trading contracts signed before the 18th of November, if they applied to the period after that date, would not be put into effect. Private clearing was also suspended, and for trading activities which were not forbidden by sanctions, permission from Yugoslav authorities was required. However, a problem caused by sanctions was Yugoslav active clearing balance. In the short period before sanctions, Italy forced imports from Yugoslavia, and in the moment of Yugoslavia’s decision to participate in sanctions, Yugoslav claims through clearing reached a sum of 300 million dinars. However, some documents show that the sum was around 200 million dinars. The Italian side countered that Yugoslav clearing claims were around 84 million liras, of which over 40 million had been paid in clearing before the 18th of November, around 10 million had been blocked, and around 30 million were to be paid after that date. The first sum of over 40 million had been decreased to around 30 million by payments of the National Bank of Yugoslavia. Interruption of such payments placed Yugoslav exporters in a difficult position, and the National Bank of Yugoslavia decided to pay off all companies and businessmen whose claims were less than 300,000 dinars, while those with higher demands, would be paid by objective possibilities. Dr. Milan Ulmanski, chief executive officer of “ŠIPAD” from Drvar, one of the leading Yugoslav companies in wooden industry, sent a letter to Yugoslav Prime Minister Milan Stojadinović, informing him about his visit to Rome. He talked to Italian representatives about clearing claims of “ŠIPAD”, as well as general problems in this field. He was clearly told that Italy would not pay what the Yugoslavs requested, but after sanctions the Italian side would deliver to Yugoslavia goods in value

---

567 ACS, MMM–DGPAG, b. 72, b/23.
568 AJ, 37, 95–530.
569 AJ, 76, 79–150.
of clearing claims. Also, in its trade relations with Yugoslavia, as well as with all other countries, Italy would proceed on the basis of 100% clearing. The Italian side was ready to begin immediate negotiations with the Yugoslav side regarding the regulation of clearing payments and general Yugoslav-Italian economic relations.571

Essentially, the problem was that Italian demands for payments through clearing were lower than Yugoslav demands, and the problem remained unsolved until the end of sanctions.

Not all countries that participated in sanctions suffered equal damage in their economic relations with Italy. There were three groups of these countries: 1. Countries present in the international market with the same goods as Italy. For them, prohibition of Italian exports proved useful, because they increased their exports to countries which had imported Italian merchandise before the sanctions; 2. Countries that did not have significant exports to the Italian market, and sanctions did not affect them seriously; and 3. Countries, which were great exporters of agricultural products and industrial raw materials, which depended on the Italian market, but were not able to compensate for the huge losses caused by sanctions. Yugoslavia was one of them. Therefore, the Yugoslav Government emphasized that the Yugoslav economy suffered more than that of other countries and it requested solutions for an adequate compensation. Basically, Belgrade requested: 1. Adequate compensation for Yugoslav companies and tradesmen who had payment demands through clearing with Italy, 2. New credits with which the Yugoslav Government would redeem for export surpluses and thus avoid a breakdown of prices in its market, and 3. Preferential quotas for exports to France and Great Britain. The Yugoslav delegation in the League of Nations developed a series of proactive measures to persuade Western powers to accept its requests. Its initiative seemed to be successful, and on the 14\textsuperscript{th} of October 1935, the Committee for Coordination of Sanctions accepted the resolution on mutual assistance, known as “Proposition 5”. Yugoslavia immediately began negotiations with France and Great Britain, but with other countries as well, to provide a take-over of the Yugoslav exports that had been purchased by Italy. Yugoslavia’s chief negotiator was Milivoj Pilja, a confidant of Prime Minister Milan Stojadinović.572 Talks with the British delegation

\textsuperscript{571} AJ, 37, 38–262.
\textsuperscript{572} AJ, 37, 95–530.
provided humble results, while negotiations with the French delegation finished without any results, disappointing the Yugoslav Government.\textsuperscript{573}

The only way out for the Yugoslav economy was to increase exports to Germany. Seeing a great opportunity to push back British and French influence in Yugoslavia, Berlin offered Belgrade to take 60% of Yugoslav wheat and pay for it 30% more than the actual prices on the world market were. In 1934, Germany accepted 15,5% of all Yugoslav exports, in 1935 18,7%, while in 1936, Yugoslav exports to Germany reached almost 23,7%. In all, in 1936, Germany took over from Balkan countries more of their exports than all the Great Powers put together.\textsuperscript{574} Thus, Germany became the most important Yugoslav foreign trade partner, pushing back Italy from the position it held for years.

Dr. Hjalmar Schacht, president of the Reichsbank paid a noteworthy visit to Belgrade on the 11\textsuperscript{th} of June 1936. He gave a speech in front of a group of prominent Yugoslav politicians, economists, industrialists and businessmen. He said that Germany did not intend to leave Yugoslavia on the level of an agrarian country, and that the development of Yugoslav industry would increase its living standard. Growth of the purchasing power of Yugoslav citizens would be useful for all industrial countries, and for Germany on the first place. During his three-day visit to Belgrade, Dr. Schacht pointed out willingness of Berlin to collaborate with Belgrade in exploiting Yugoslav soil, especially those ores of interest to the German Government. He also persuaded Yugoslav authorities that Germany would pay attention to Yugoslav legal interests.\textsuperscript{575}

In early May 1936, Italian troops entered Addis Ababa and the question of calling off sanctions surfaced. The sanctions obviously failed, and Great Britain and France openly favored cancellation. The League of Nations suspended sanctions in July 1936. Sanctions could not be effective most of all due to important Italian economic partners, such as Germany, Austria, Hungary, the United States of America, Japan, and South American countries, did not participate in sanctions, and continued to supply Italy with goods. Additionally, sanctions


\textsuperscript{574}Ibid, 120–121.

\textsuperscript{575}Jacob B. Hoptner, \textit{Jugoslavija u krizi 1934–1941}, 128.
applied to all Italian exports, but not to all Italian imports, and Italy was allowed to import petroleum, for example, important for the war effort. The Yugoslav Government suspended sanctions against Italy just a few days after the League of Nations.\footnote{AJ, 334(KPO), 384–1207.}

Observed over a longer period, Yugoslav exports to Italy declined so much, as a direct consequence of sanctions, Italy lost its first position and it was fifth in the main market of Yugoslav goods. The decline was evident in Yugoslav imports from Italy, as well as in Germany’s rise in both.

Table 66: Yugoslav exports in selected European countries 1926–1939
(Average for each period in percentage of total Yugoslav exports)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>3,4</td>
<td>2,4</td>
<td>2,8</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1,3</td>
<td>3,3</td>
<td>8,4</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>9,2</td>
<td>12,8</td>
<td>10,6</td>
</tr>
<tr>
<td>Romania</td>
<td>0,5</td>
<td>0,6</td>
<td>0,9</td>
</tr>
<tr>
<td>Greece</td>
<td>7,7</td>
<td>4,2</td>
<td>3,4</td>
</tr>
<tr>
<td>Turkey</td>
<td>0,2</td>
<td>0,1</td>
<td>0,2</td>
</tr>
<tr>
<td>Austria</td>
<td>18,9</td>
<td>17,9</td>
<td>11,4</td>
</tr>
<tr>
<td>Hungary</td>
<td>7,0</td>
<td>4,5</td>
<td>4,2</td>
</tr>
<tr>
<td>Italy</td>
<td>25,8</td>
<td>21,4</td>
<td>7,4</td>
</tr>
<tr>
<td>Germany</td>
<td>10,4</td>
<td>14,1</td>
<td>28,3</td>
</tr>
<tr>
<td>In total</td>
<td>84,4</td>
<td>81,3</td>
<td>77,6</td>
</tr>
</tbody>
</table>

Table 67: Yugoslav imports from selected European countries 1926–1939 (Average for each period in percentage of total Yugoslav imports)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>4,3</td>
<td>4,5</td>
<td>2,3</td>
</tr>
<tr>
<td>Great Britain</td>
<td>6,0</td>
<td>8,6</td>
<td>7,5</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>18,2</td>
<td>14,3</td>
<td>10,9</td>
</tr>
<tr>
<td>Romania</td>
<td>3,3</td>
<td>2,2</td>
<td>2,1</td>
</tr>
<tr>
<td>Greece</td>
<td>1,3</td>
<td>1,3</td>
<td>1,5</td>
</tr>
<tr>
<td>Turkey</td>
<td>0,4</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Austria</td>
<td>18,2</td>
<td>13,8</td>
<td>9,2</td>
</tr>
<tr>
<td>Hungary</td>
<td>5,7</td>
<td>4,0</td>
<td>3,4</td>
</tr>
<tr>
<td>Italy</td>
<td>12,2</td>
<td>12,9</td>
<td>7,8</td>
</tr>
<tr>
<td>Germany</td>
<td>14,2</td>
<td>16,0</td>
<td>34,8</td>
</tr>
<tr>
<td>In total</td>
<td>83,8</td>
<td>77,7</td>
<td>79,6</td>
</tr>
</tbody>
</table>


*After the crisis, with the intent to improve their economic relations, Yugoslavia and Italy signed a new trade agreement, an addition to contracts that had been signed in earlier years. However, due to the Italian policy of autarchy and its approach to Austria and Hungary, Yugoslavia had to search for new economic partners, and an agreement on trade was signed with Germany. Thus, Germany received an open door for the economic penetration of Yugoslavia, suppressing Italy, especially in the months of Yugoslav participation in sanctions against Italy. The already disrupted trade exchange between Yugoslavia and Italy, having a miniscule possibility to reach previous level, became in late 1935 and in the first half of 1936 even more complicated. Although the decrease of Yugoslav exports to Italy was constant, while Yugoslav imports from Italy gradually increased, in the months of sanctions the Yugoslav-Italian trade exchange, as the most significant segment*
in Yugoslav-Italian economic relations, almost completely died out, seriously damaging the economies of both countries. Germany took advantage of this new situation and stabilized its economic positions in the Balkans.

b) From the End of Sanctions to the Beginning of the War – Italian Attempts to Regain Economic Positions in Yugoslavia

Abolition of sanctions against Italy did not mean an immediate return to normal economic relations. On the contrary, reestablishing trade between Italy and countries that participated in sanctions remained a serious issue. Italian authorities established a difference between “sanctionist” and “non-sanctionist” countries, and all contracts that had been signed with the former group – they considered broken. Yugoslav businesspersons, who were eager to reestablish broken ties and reactivate business collaboration with Italy, found themselves surprised and disappointed by the news that Yugoslav exports to Italy would be carried out only on the basis of a special permission. Soon, it became clear that Yugoslav exports to Italy would not reach the position and level of the period before sanctions. Entrepreneurs from the Yugoslav wood industry were especially unsatisfied, and according to some estimates, 70% of all Italian imports of wood originated from Yugoslavia. Milan Ulmanski, the director of “ŠIPAD”, emphasized that his company used to export to Italy 200,000 – 250,000 cubic meters of wood, and that it would be extremely difficult to regain that level.578

The Italian Government endeavored to utilize the failed sanctions to their advantage. Besides the political benefits, Italian authorities also tended to provide economic benefits, and they did not accept a simple reactivation of previous trade agreements between Italy and other countries.579 This was especially important in respect to quotas and methods of payment. Thus, Italian customs authorities had the instruction to allow imports from countries that participated in sanctions only with special permission and up to 20% of imports in 1934. The

Yugoslav envoy in Rome, Jovan Dučić, regularly informing Belgrade that the Italian Government intended to reach three goals: 1. To force countries to import from Italy three times more than they would export to Italy, 2. To force certain types of goods to its partners, while Italy would maintain freedom of choice, and 3. To pay off Italian debts with Italian goods, and to reach agreements on new quotas. In line with this intention, Italy began negotiations with Yugoslavia, which were successfully completed on the 26th of September 1936, by signing of a new economic agreement.\(^{580}\) Actually, this was the revised agreement from 1932 and replaced the clearing agreement which was suspended during the sanctions.\(^{581}\) The main Italian attitude during negotiations was conditioned by the low ability to make payments, and total Italian imports should be paid by exports of Italian goods.\(^{582}\)

Yugoslav claims in Italy accounted for around 250 million dinars and they were frozen until September 1936. Yugoslavia had a vested interest to sign the new agreement with Italy to receive its claims and Italy took advantage, requesting that in the first five months Yugoslav imports from Italy should be 30 million dinars higher than Yugoslav exports to Italy in order to adjust debts of 150 million dinars, and for the rest (100 million dinars) Italy requested Yugoslavia to make orders in Italian goods.\(^{583}\)

It was also agreed that clearing would proceed on the exchange rate of 100 liras per 228,83 dinars or 100 dinars per 43,70 liras.\(^{584}\) Bearing in mind that Yugoslav claims from Italy were higher than claims of other Balkan countries, special attention was given to this question, and it was agreed that the elimination of Yugoslav claims would be executed as follows:

- Italy would collect data from Italian banks, companies and persons on their claims in Yugoslavia. This amount, estimated at five million liras, would be paid through a clearing account at the National Bank of Yugoslavia on behalf of Italian debt.

\(^{581}\) AJ, 334(KPO), 384–1207.
\(^{582}\) AJ, 373, 2–4.
\(^{584}\) ACS, INCE–UA, b. 78.
Yugoslav bonds and valuable papers held by Italian citizens would also be deposited in the same account.

The National Bank of Yugoslavia was authorized to issue checks to Yugoslav tourists visiting Italy, but in a value of no more than 10 million liras.

The Yugoslav Government would purchase from Italy various engines needed for the army and state institutions valued at 25 million liras.

The remaining debt would be eliminated with the buying of real estate in Italy, such as buildings for consulates.\textsuperscript{585}

By the agreement of the 26\textsuperscript{th} of September 1936, the trade exchange was regulated on the basis of 100% compensation. For Yugoslavia, Italy introduced quotas valued at 32,500,000 liras, which was 52\% of all Yugoslav exports to Italy in 1934. The main Yugoslav goods arranged within quotas were: wood 20,000,000 liras (26\% of 1934), livestock 8,700,000 liras (80\% of 1934), poultry 3,000,000 liras (18\% of 1934) and meat 300,000 liras (45\% of 1934).\textsuperscript{586}

The main Italian importers of Yugoslav livestock in the fourth trimester 1936 were: Giuseppe Eterno from Milano, Alfonso Colombo from Usmate near Milano, Vincenzo Ilari from Montegiorgio near Ascoli Piceno, “Fratelli Manassero” from Airasca near Torino, Lorenzo Gallini from Monza and Pietro Deangeli from Trieste. In the same period, the main Italian importers of Yugoslav poultry were: Angelo Zibardi, “Fratelli Barbi”, “Fratelli Villa” and “Guardini & Faccincani”, all of them from Milano. As for Yugoslav eggs, Dimitrijević from Fiume/Rijeka, Guerino Garavello from Milano and several tradesmen from Trieste imported the most.\textsuperscript{587}

After the conclusion of the agreement, Yugoslav Prime Minister Milan Stojadinović said that Yugoslavia and Italy were neighboring countries which complemented each other, thanks to the structure of their economies, and that fact should point their way towards further expanding their mutual economic relations.\textsuperscript{588} In September 1936 he


\textsuperscript{586}Ibid, 95.

\textsuperscript{587}AJ, 343, 2–4.

\textsuperscript{588}Bogdan Krizman, \textit{Italija u politici kralja Aleksandra i kneza Pavla (1918–1941)}, Časopis za suvremenu povijest, VII–1, Zagreb 1975, 64.
received a report from Miha Krek, Minister without portfolio, who informed him that Croatian representatives from Spalato/Split were embittered with Prime Minister’s decision to order ships from Italy and Germany valued at 125 million dinars. They believed that Croatian companies would be able to build them in Dalmatia.\footnote{589}

Italy offered to Yugoslavia products of the engine industry, unlike previous periods when the main Italian goods imported to Yugoslavia were textiles. That was in line with Italian intentions to change the structure of its exports after sanctions. Italy had obligations from Austria and Hungary by stipulations of the Roman Protocols, and on the other hand Yugoslavia developed its textile industry. In fact, the agreement from September 1936 was the first significant step in Italian efforts to regain economic positions in Yugoslavia, and a prelude for the Pact on Friendship between the two countries that would be concluded six months later in Belgrade.

However, in late September 1936, most of European countries devaluated their currencies, which additionally increased the already high prices of Italian industrial goods and undermined their sale on the world market. The Italian Government had to devaluate the lira by 41\%,\footnote{590} and in order to keep Italian merchandise competitive on the world market, the Italian Government froze prices in the Italian market. Several changes also occurred in customs policy, and all with a final objective to diminish the large deficit of 1935. Amedeo Giannini, General Director for Economic Affairs in the Italian Ministry of Foreign Affairs, talked to the Yugoslav envoy, Jovan Dučić, in October 1936, and the two sides agreed to increase the value of quotas, but to keep the quantity on the same level. By devaluing the lira, Italy eased its exports to Yugoslavia and at the same time it diminished the possibilities of sales of Yugoslav goods in Italian market.\footnote{591} Therefore, a group of Yugoslav industrialists asked for a decrease in Italian customs tariffs for Yugoslav wood and other products, even though Belgrade knew that chances would be dim.\footnote{592}

\footnote{589} AJ, 37, 47–305.  
\footnote{591} Enes Milak, Italija i Jugoslavija 1931–1937, 150–151.  
\footnote{592} AJ, 76, 79–150.
The deficit in the Italian national budget in 1936–1937 was 16.230 billion liras, but in 1938–1939 it was 12.750 billion liras. In Italian gross income from 1935 to 1938 increased from 129.272 to 137.877 million liras. In Italian industrial policy the period from 1936 to 1941 was a period of expansion.

In September 1936, the Committee of Traffic in Trieste protested to Italian authorities because of a higher transit tax that Yugoslav tradesmen had to pay at the port. While they paid 1.392 dinars transit tariff in Hamburg, the same tax in Trieste was 1.657 dinars, which was a reason of worry for the local authorities in Trieste, bearing in mind the severe competition between Italian and German ports.

Simultaneously with the Yugoslav-Italian, Yugoslav-German negotiations proceeded, and they ended on the 20th of October 1936 in Dresden, where they signed a protocol on trade between the two countries. They agreed to increase Yugoslav exports to Germany and Germany was allowed to import ores from Yugoslavia in limitless quantity, and to pay for them through clearing. Five days later, Italy and Germany signed the Treaty on Friendship in Berlin. One of items in this agreement was about Italian-German economic cooperation in the Danube region, where they pointed out only general lines of cooperation. Actually, both countries wanted to avoid clear determination of economic interests, and economic part of the treaty remained without details.

The Yugoslav Consulate in Bari sent a report on the economic situation in Italy to Belgrade on the 20th of January 1937. They wrote that basic groceries, such as coffee, oil, eggs and meat, were getting more expensive. When the new trade agreement was signed in September 1936, many Italian importers came to the consulate in Bari, asking for a visa and expressed interest to import merchandise that Puglia lacked, such as livestock, poultry, wood, eggs and oil. However, a few of them

---


594 Salvatore La Francesca, *La politica economica del fascismo*, 99.

595 Gualberto Gualerni, *Industria e fascismo: per una interpretazione dello sviluppo economico italiano tra le due guerre*, 21.

596 ACS, INCE–UA, b. 136; Goran Latinović, *Trst u jugoslovensko-italijanskim ekonomskim odnosima između dva svjetska rata*, 119.

were allowed to import from Yugoslavia, but only wood and livestock, and in limited quantities. Also, goods of foreign origin, especially the French, were suppressed from the Italian market, and autarchy was introduced. Foreign tradesmen with residence in Italy faced serious difficulties. A Yugoslav company “Posavina Neumann” from Nova Gradiška wrote on the 6th of November 1936 to the Yugoslav Legation in Rome that they had 220 boxes of eggs blocked in the port of Genova. They wanted to export them to Spain, but due to the civil war they remained in Italy. However, they managed to find new customers—“Giulio Moretti” from Genova and “A. Alberti & Co.” from Trieste. But, in order to successfully complete this business they needed additional documentation and so they asked a Yugoslav diplomatic envoy in Rome to intervene. Representatives of the Yugoslav fur industry from Indija wrote to the Yugoslav Legation in Rome on the 11th of December 1936. They had good business relations with Italian tradesmen of raw leather, which they were buying and processing in fur. They asked the Yugoslav envoy in Rome to appeal to Italian authorities to allow “Salvatore Lorenzo” from Chieti Scalo and “Ditta Valeriano Coppi” from Rome to export 8.000 kg of lamb leather to Yugoslavia.

In December 1936, Stojadinović sent Milivoj Pilja to Rome to begin negotiations on economic affairs, and Jovan Subbotić to discuss political questions. It was of great Italian interest to regain its political and economic positions in Yugoslavia, as much as possible. The Yugoslav envoy, Jovan Dučić, played an important role in starting negotiations, whom Ciano suggested forming a customs union between the two countries. However, Dučić doubted the sincerity of this proposal. The main Italian negotiators were Gino Buti and Leonardo Vitetti, both of them from the Ministry of Foreign Affairs. Even before talks began, many Yugoslav companies, from various economic branches, appealed to the Yugoslav Government to protect their interests regarding the trade exchange with Italy. Negotiations were conducted from the 11th of January to the 17th of March in Rome, and Stojadinović and Ciano signed the agreement on the 25th of March 1937 in Belgrade. The Treaty of Belgrade had six stipulations, and both sides agreed to

600 Ibid.
mutually respect their borders, and they proclaimed neutrality if one of them would be under attack from other countries. Additionally, they agreed they would not support any terrorist or other activities on their territories that would be directed against the other signatory. However, item number five pertained to economic relations. In order to give new impetus to their economic relations, in line with established friendly relations, Yugoslav and Italian authorities agreed to strengthen and expand the trade exchange, and to search for possibilities of further economic cooperation. Stojadinović and Ciano gave statements that a new era in Yugoslav-Italian relations was about to begin. The intention of Milan Stojadinović to improve Yugoslav relations with Italy was not motivated only by economic reasons. The Yugoslav Government endeavored to neutralize or, at least, to diminish a support that Croatian separatists enjoyed in Italy. On the other hand, the agreement included some terms which enabled Italy to strengthen its cultural penetration in Yugoslavia, evident already in 1938, when a number of Yugoslav tourists and other visitors in Italy increased.

By the Treaty of Belgrade, privileges Austria and Hungary had in trade with Italy were to a certain degree neutralized, due to a conclusion that Yugoslavia and Italy would provide “absolute equality of treatment” of goods. Great Britain and France hoped that the agreement would strengthen the Italian-German economic rivalry in Yugoslavia. It was also agreed that Yugoslavia and Italy would establish the Yugoslav-Italian Permanent Economic Committee, as it had already been active, similar to the Yugoslav-German board. Actually, the agreement on the foundation of such a Committee was reached by the protocol of the Additional Agreement from 25th of April 1932. The Committee

---

603 Milan M. Stojadinović, Ni rat ni pakt, 417–418.
604 AJ, 37, 30–217.
607 Felice Guarneri, Battaglie economiche fra le due guerre (a cura di Luciano Zani), Bologna 1988, 672–673.
would regulate, through regular meetings, the trade exchange between Yugoslavia and Italy. Modules of its work were agreed by a special protocol signed in Belgrade on the 12th of June 1937.\textsuperscript{608}

It was agreed that all institutions and organizations which would work in mutual interest to improve Yugoslav-Italian economic relations, would be approved by the Italian Office for Exports and the Yugoslav Institute for Improvement of the Foreign Trade, or at least should work in accordance with them.\textsuperscript{609} In April 1937, two initiatives on establishing Yugoslav-Italian chambers of commerce were launched, one from Fiume/Rijeka and the other from Rome. “L’Unione provinciale fascista dei commercianti e degli industriali” sent a letter to “Il Consiglio provinciale dell’economia corporativa” in Fiume/Rijeka on the 2nd of April 1937 in which they suggested the establishment of the Yugoslav-Italian Chamber of Commerce in Fiume/Rijeka. They pointed out the significance of the town as a geographic and commercial bond between the two countries. Such a chamber would give an additional impulse to cooperation between the two ports: Italian Fiume/Rijeka and Yugoslav Sussak/Sušak. However, the Economic Department of the Ministry of Foreign Affairs responded that they appreciated such an initiative, but an eventual chamber should be unique for both countries, rather than establishing it at a local level. Another initiative came from Rome. Anselmo Guerrieri Gonzaga, administrator of “Ital-Jugo – società anonima per lo sviluppo esportazioni e importazioni italo-jugoslave”, wrote on the 17th of April 1937 to the Ministry of Foreign Affairs, the Economic Department, that the Yugoslav-Italian Chamber of Commerce should be established in Rome and Belgrade, with affiliations in several towns and ports in both countries. Besides Gonzaga, there were other people ready to participate in the initiative: Franco Bandini, Nicola Castellino, Antonio Cosulich, Antonio Feltrinelli, Arnoldo Frigessi di Rattalma, Edgardo Morpurgo, Gino Olivetti and Francesco Spinedi. On the 22nd of April 1938, the Italian Government answered that the Yugoslav-Italian Permanent Economic Committee should consider that suggestion, although its first session had not been held yet.\textsuperscript{610}

\textsuperscript{608} AJ, 37, 30–217.
\textsuperscript{609} AJ, 76, 80–152.
\textsuperscript{610} ASDMAE, DGAC, p. 11, s. 2.
Although the answer from Rome was not satisfactory, efforts in organizing a local chamber of commerce in Fiume/Rijeka continued, as well as activities of the Roman group. Gonzaga wrote to the Italian Government on the 26th of April, explaining reasons for their initiative. They agreed with Yugoslav envoy in Rome that the chamber would be called “La Camera di commercio binazionale” or “La Camera di commercio mista”, and that it should have offices in Fiume/Rijeka, Trieste, Milano, Zagreb, etc. They suggested the foundation of the promotional committee that would work on fast and efficient overwhelming administrative and procedural difficulties. The group in Fiume/Rijeka had a similar intention. The aim of their chamber would be: to provide the necessary information and advice to Italian and Yugoslav businessmen, to mediate in all eventual disputes between them, etc. Membership in the chamber would cost 10 liras monthly or 120 liras annually, or 25 dinars monthly or 300 dinars annually. The head of the provisional committee of the chamber in Fiume/Rijeka was Yugoslav citizen Antonio Huber. They informed all 94 economic organizations in Italy and all relevant economic factors in Yugoslavia about the foundation of the chamber. However, in Rome knew that such an initiative was not recognized in Sussak/Sušak, where it could be understood as a provocation. The Italian Consul Guido Zecchin noticed a negative attitude in Yugoslav sphere in May 1937. His opinion was that circumstances were still not favorable for the opening of such a chamber, due to Yugoslav fears that their port would be totally neglected by the new economic organization in Fiume/Rijeka. Although the Italian Government did not agree with the initiative, the chamber in Fiume/Rijeka was founded, but it remained on the local level and Yugoslav economic factors from Sussak/Sušak refused to participate in it.  

On the 23rd of August 1937, the Yugoslav-Italian Chamber of Commerce elected Niels Sachs de Grič from Fiume/Rijeka as president of the provisional committee, and Vladimir Arko from Zagreb for vice president. Besides those men, the committee had 22 members. Two weeks later, the Italian Consulate in Sussak/Sušak sent a report to Rome with the information that Yugoslavs had delegated experienced persons to the chamber in Fiume/Rijeka. In mid-September, the Italian consul in Sussak/Sušak informed the Italian Government that the chamber in

---

611 Ibid.
Fiume/Rijeka did not intend to confine its activities to the local level and that it pretended to be the chamber which would take into account the totality of Yugoslav-Italian economic relations. However, it was not clear at that moment if the chamber started its activities at all. The final gathering of the Yugoslav-Italian Chamber of Commerce in Fiume/Rijeka occurred in December 1937, but yet in August 1938 the Ministry of Foreign Affairs did not want to authorize its activities due to the decision of the Yugoslav-Italian Permanent Economic Committee, according to which the chamber could not be allowed to participate in Yugoslav-Italian economic relations in total, but only at a local level.612

As a direct result of the Belgrade Agreement, the first session of the Yugoslav-Italian Permanent Economic Committee was held from the 28th of June to the 8th of July 1937 in Rome.613 Milivoj Pilja led the Yugoslav delegation and Amedeo Gianinni the Italian. Besides them, the Committee was composed of various experts from Yugoslavia and Italy. Yugoslav members were: Ivo Belin (Vice Governor of the National Bank of Yugoslavia), Sava Obradović (Director in the Ministry of Trade and Industry), Milan Manojlović (advisor in the Ministry of Forests and Mines) etc. As for Italian delegation, participants in the Committee were: Ivo Bagli (General Director of Customs in the Ministry of Finance), Alberto D’Agostino (General Director of Foreign Currencies in the Ministry of Exchange and Currencies) etc. Their task was to define precisely the economic stipulation of the Belgrade Agreement regarding the trade exchange. The two delegations discussed past and current economic relations between their countries, and they paid special attention to quotas, value and quantity. The Yugoslavs refused on Italian request for payments through clearing of those Yugoslav goods that were usually paid only for foreign currencies. It was also rejected a demand for payments through clearing of Yugoslav copper, with the explanation that owners of copper mines in Yugoslavia were foreigners, who did not allow exports over clearing. Later, the British and French worried that Yugoslavs would exchange copper for Italian military products.614 However, during talks the Yugoslavs agreed that

612 Ibid.
wheat, maize and iron would be exported to Italy through clearing, although on the international market they were paid only by foreign currencies. After the session, they signed the First Protocol, which contained stipulations as addition to previous agreements, and they concluded that the total value of Yugoslav exports to Italy should reach the sum of 310 million liras or 700 million dinars annually. Italy gave preferential treatment to Yugoslav goods in the same way it earlier gave to Hungary and Austria, and Yugoslavia allowed Italy to import some special Yugoslav products through clearing, the value and quantity of which would be determined later. Yugoslavia approved to export to Italy 25,000 tons of wheat, 30,000 tons of maize, and 100,000 tons of iron, all through clearing. It was also agreed that Yugoslav customs tariffs to some of Italian products would be decreased, in order to make Italian products more competitive on the Yugoslav market. “La Banca d’Italia” informed all its affiliates that Yugoslav-Italian clearing would run on the exchange rate of 100 liras per 290 dinars.

By the First Protocol, Italy made another significant step in its strategic aim to regain economic positions in Yugoslavia, which had been disrupted by Yugoslav participation in the sanctions. However, Germany remained the greatest Italian rival in Yugoslavia. During the first session, Milivoj Pilja said that Italy had been in first place in Yugoslav imports of silk and silk yarn, but then it was sixth. In the meantime, Germany gave preference for up to 50% on silk, which meant that even with low Yugoslav customs tariffs for Italian silk, it would still be hard to compete with the Germans.

Italian companies bought 70 wagons of pigs from Yugoslavia in July 1937. However, in autumn 1937, Italy implemented its plan for autarchy. Various taxes were modified, and all measures had the aim to strengthen the economic power of the country. The need for the importation of wheat and textiles in Italy was minimized. In the first eight months in 1937, Italy imported goods from Ethiopia valued at

---

616 ACS, INCE–UA, b. 78.
618 AJ, 65, 7–63.
140,000,000 liras (mostly bananas, pine-apples, raw leather and coffee) and exported to Ethiopia merchandise valued at 1,556,000,000 liras (mostly cotton products, wheat, wine and iron constructions). In September 1937, the Italian border authorities decided to forbid imports of a larger contingent of Yugoslav poultry, due to disease. It is hard to say if Italian authorities in this and similar cases found just an excuse to avoid imports from Yugoslavia, or if animals were actually infected.

Marcello Zuccolin, the Italian Consul General in Sarajevo, informed Rome on the 6th of October 1937 that Nikola Stojkanović, Vice President of the Chamber of Commerce in Sarajevo, visited a fair devoted to the economy in Bari. When he came back, he published an article in local newspapers, in which he expressed his satisfaction with the participation in serious conversations with Italian businessmen. His impression was that Italy does not have the interest to increase its exports of cotton and woolen products to Yugoslavia. However, Italian tradesmen were interested in the exportation of mechanical, chemical and electrical products to Yugoslavia. The Italian Consul had previously participated in a session of the Chamber of Commerce in Sarajevo, invited by its president Dušan Jeftanović. He informed the Ministry of Foreign Affairs, the Economic Department, that exports of wood, which Bosnia was rich with, decreased.

From the 5th to the 10th of December 1937, Milan Stojadinović visited Rome. During his visit to the Italian capital, he talked to Mussolini and Ciano in the Palazzo Venezia. Stojadinović emphasized that the Adriatic Sea should connect, not separate the two countries, and Mussolini agreed. They talked about political, as well as economic relations, and they agreed that those relations should be improved as much as possible. Mussolini suggested that a Yugoslav delegation should visit the Italian military industry and choose products of interest for Yugoslav imports.

From August to December 1937, Yugoslav companies were involved in the transport of wood from Albania (Durazzo) to Italy (Bari),

622 ASDMAE, DGAC, p. 11, s. 3.
624 Milan M. Stojadinović, Ši rat ni pakt, 436–441.
together with Greek, Italian and Albanian ships. However, in these five months, Yugoslavs took the lead, and Italians urged for changes.\footnote{ACS, MMM–DGPAG, b. 392, t/17 (4).}

Table 68: Participation of four countries in the transport of wood from Albania to Italy (August – December 1937)

<table>
<thead>
<tr>
<th>Country</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yugoslavia</td>
<td>11.445</td>
</tr>
<tr>
<td>Greece</td>
<td>2.141</td>
</tr>
<tr>
<td>Italy</td>
<td>2.075</td>
</tr>
<tr>
<td>Albania</td>
<td>1.110</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b. 392, t/17 (4)

In transport of foreign goods through Italian ports from 1935 to 1937, Italian boats were inferior only in 1935, while in the transport of domestic, Italian merchandise, they absolutely dominated.

Table 69: Turnover through Italian ports from 1935 to 1937 (in thousands of tons)

<table>
<thead>
<tr>
<th>Turnover with abroad</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Italian ships</td>
<td>11.325</td>
<td>9.780</td>
<td>14.061</td>
</tr>
<tr>
<td>b) Foreign ships</td>
<td>15.407</td>
<td>8.561</td>
<td>10.517</td>
</tr>
<tr>
<td>Domestic turnover</td>
<td>1935</td>
<td>1936</td>
<td>1937</td>
</tr>
<tr>
<td>a) Italian ships</td>
<td>14.829</td>
<td>18.036</td>
<td>19.670</td>
</tr>
<tr>
<td>b) Foreign ships</td>
<td>78</td>
<td>18</td>
<td>23</td>
</tr>
</tbody>
</table>


Complaints regarding the capacity and technical equipment of Yugoslav ports, arrived to the Ministry of Merchant Marine in Rome, and one of them was about the port of Gravosa/Gruž near Ragusa/Dubrovnik. The Italian boat “Saturnia” hardly managed to disembark tourists and goods in June 1937. Italian authorities appealed to the Directorate of Naval Traffic in Spalato/Split, asking for enhanced conditions in Yugoslav ports.\footnote{ACS, MMM–DGPAG, b. 72, b/23.} However, the Italian company “L’Agenzia Marittima
Rauli e Molin” from Venezia wrote to the Italian Government regarding the Yugoslav merchant marine, which was becoming a more serious opponent to Italian companies in the Northern Adriatic, especially in business and the transport of wood.\textsuperscript{627} In fact, the Yugoslav merchant marine with 629.150 tons in 1939, more than 267.578 tons in 1929, was still inadequate to compete with the Italian merchant marine, observed through the Adriatic in general.\textsuperscript{628}

New Yugoslav-Italian talks approached and there was an opinion in the Directorate of Industrial Corporations in Belgrade that the Yugoslav delegation should be highly cautious regarding changes in new clearing arrangements with Italy, because previous changes had usually been unfavorable for Yugoslav tradesmen. They also thought that the exchange rate of lira and dinar should be stabilized as much as possible.\textsuperscript{629}

On the 7\textsuperscript{th} of January 1938, the Agreement on Regulation of the Trade Exchange and Payments was signed in Rome,\textsuperscript{630} which replaced the agreement signed on the 26\textsuperscript{th} of September 1936.\textsuperscript{631} It concluded new regulations for goods in transit. They also agreed on exports and imports of books, music, press and reviews, where both sides would keep the right to control the use of these articles. With the new agreement, clearing remained a mode of payment. As agreed by INCE and the National Bank of Yugoslavia, the exchange rate of lira and dinar would remain 43,70 liras per 100 dinars, or 228,83 dinars per 100 liras.\textsuperscript{632}

Ten days later, the Second Protocol of the Yugoslav-Italian Permanent Economic Committee was signed in Belgrade. The goal of the second session of the Committee was to discuss the future prospects of the trade exchange. However, an equilibrium in trade was hard to achieve, and the Yugoslav active balance was the reason for the revision of many questions. Yugoslav exports to Italy did not

\textsuperscript{627} ACS, MMM–DGPAG, b. 392, t/17 (4).
\textsuperscript{628} ACS, MMM–DGPAG, b. 392, t/17 (18).
\textsuperscript{629} AJ, 76, 78–147.
\textsuperscript{630} Izveštaji Ministarstva inostranih poslova Kraljevine Jugoslavije za 1938. godinu – Izvori za istoriju međunarodnih odnosa 1930–1940, IX (priredila Jelena Đurišić), Beograd 2014, 33.
\textsuperscript{631} ACS, INCE–UA, b. 136.
\textsuperscript{632} ASDMAE, DGAC, p. 3–1.
match Italian exports to Yugoslavia and the basis for negotiations in reaching the Second Protocol was to search for a solution that would slow down Yugoslav exports to Italy. Therefore, it was agreed that quotas for Yugoslav exports to Italy would remain the same, but the implementation of some of those would be temporarily terminated. The issuing of Italian import permissions for some Yugoslav articles would be suspended for a certain period (smoked meat, cereal, kindling wood, etc.), for other articles, they would be allowed only to import to Italy 30% of previously agreed quotas (wood), or 50% (pigs, mushrooms, etc.) or 60% (poultry and fresh meat) or 70% (all other goods).\textsuperscript{633} The result of these measures was a significant decrease in Yugoslav exports to Italy in 1938, especially for wood and livestock. Yugoslav exports to Italy in 1938 were 55% of the exports from 1937. Thanks to the low exchange rate of lira, Yugoslav imports from Italy increased and in the middle of 1938, all Yugoslav claims in Italy were liquidated.\textsuperscript{634}

In early June 1938, Giampaolo Benedetti, Attaché for Economic Affairs in the Italian Legation in Belgrade, informed Rome about his talks with Milivoj Pilja and Ivo Belin during which they expressed willingness for additional improvement of economic affairs between the two countries.\textsuperscript{635} The following month, the Italian envoy in Belgrade informed Rome that Yugoslavia exported much more wheat to Germany than to Italy. Although in June two Italian companies imported at least 74,000 quintals of Yugoslav wheat. The third session of the Committee was scheduled for July, but it was cancelled.\textsuperscript{636} The Italian Legation in Belgrade in October 1939 reckoned that Italy should provide to Yugoslavia the same economic positions as Germany, and they emphasized the importance which Yugoslav copper, glycerin and lead would have for Italian economy. They also had to intervene with the Yugoslav authorities regarding a delay in payments of two Yugoslav textile factories, which imported materials from Italian companies, but were not able to fulfill all stipulations of their contracts.\textsuperscript{637}

\textsuperscript{633} AJ, 76, 79–150.
\textsuperscript{635} ASDMAE, DGAC, p. 3–1.
\textsuperscript{636} ASDMAE, DGAC, p. 3–1, s. 4.
\textsuperscript{637} ASDMAE, DGAC, p. 3–1, s. 1.
In the period between the end of the First and the beginning of the Second World War, Yugoslavia settled most of its needs for rice by imports from Italy. However, in January 1938, Yugoslav importers found out that Egyptian rice was cheaper and of higher quality. Despite this knowledge, it was agreed that Yugoslavia would import 15,000 tons of unpeeled rice and 10,000 tons of peeled rice from Italy, at a very low price. Despite that, the Directorate of Industrial Corporations in Belgrade in July 1938 informed Yugoslav importers that Yugoslav imports of rice from Italy would be probably much lower, due to rainless year. Yugoslavia had great interest to import Italian rice, bearing in mind a significantly positive balance in clearing with Italy, and it had to do with additional efforts to increase its imports from Italy. On the 12th of July 1938, all Yugoslav firms involved in business with rice organized a conference in Belgrade, and they reached a conclusion that the Italian harvest of rice was satisfactory and that Yugoslav importers did not need to worry. But, already in August the Italian Government forbade exports of semi-peeled rice to Yugoslavia, and Yugoslav tradesmen were faced to search for alternative means to import from Egypt and the Netherlands.\(^{638}\) The Italian share of total Yugoslav imports of semi peeled and peeled rice from 1935 to 1938 was significant.

Table 70: Yugoslav imports of semi peeled rice from Italy from 1935 to 1938

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Yugoslav imports (in wagons)</th>
<th>Yugoslav imports from Italy (in wagons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>1,575</td>
<td>532</td>
</tr>
<tr>
<td>1936</td>
<td>1,992</td>
<td>779</td>
</tr>
<tr>
<td>1937</td>
<td>1,989</td>
<td>1,557</td>
</tr>
<tr>
<td>1938 (first six months)</td>
<td>794</td>
<td>790</td>
</tr>
</tbody>
</table>

AJ, 76, 80–152.

\(^{638}\) AJ, 76, 80–152.
Table 71: Yugoslav imports of peeled rice from Italy from 1935 to 1938

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Yugoslav imports (in wagons)</th>
<th>Yugoslav imports from Italy (in wagons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>422</td>
<td>122</td>
</tr>
<tr>
<td>1936</td>
<td>240</td>
<td>101</td>
</tr>
<tr>
<td>1937</td>
<td>310</td>
<td>96</td>
</tr>
<tr>
<td>1938 (first six months)</td>
<td>178</td>
<td>37</td>
</tr>
</tbody>
</table>

AJ, 76, 80–152.

Fish smuggling on the open sea was a serious problem, but according to official statistics, Italy bought more fresh fish from Yugoslavia in 1938 than in 1936, while Italian imports of salted fish from Yugoslavia decreased.

Table 72: Yugoslav exports of fish to Italy from 1936 to 1938 (in quintals)

<table>
<thead>
<tr>
<th></th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh fish</td>
<td>3.947</td>
<td>6.366</td>
<td>11.100</td>
</tr>
<tr>
<td>Salted fish</td>
<td>10.079</td>
<td>10.512</td>
<td>4.720</td>
</tr>
</tbody>
</table>


“Aziende colori nazionali affini A.C.N.A.” from Milano complained in November 1938 that Yugoslav authorities created problems with its representative Aldo Schoen. He had spent the previous 17 years in Yugoslavia, and he had always received a residence permit for one year, but the Yugoslavs now only issued him a three-month permit, which would jeopardize the company business.639

Yugoslav and Italian economic experts continued their meetings through the Yugoslav-Italian Permanent Economic Committee and the Third Protocol was signed in Rome on the 17th of November 1938. Preparations for this meeting started already in September 1938, when representatives of both countries agreed on topics that should be discussed. Both sides were interested in negotiations and they

639 ACS, INCE–UA, b. 136.
agreed that the basis of the trade exchange and payments between the two countries would remain a principle of equilibrium.\textsuperscript{640} Actually, they agreed that total Yugoslav exports to Italy in 1939 should be 257 million liras, of which 108 million of wheat, 66 million of livestock and meat products, 40 million of wheat and 35 million of industrial raw materials and semi products.\textsuperscript{641} The Italian Legation in Belgrade sent a list of Yugoslav products in value of four million liras to Rome in November 1938, which Italian importers could be interested in.\textsuperscript{642} The following month, they informed the Ministry of Foreign Affairs that the Yugoslav press was very interested in results of the third session, but some perceptions were incorrect.\textsuperscript{643}

On the 26\textsuperscript{th} of November 1938, the Italian Legation in Belgrade sent a report to Rome in which Italian envoy in Yugoslavia, according to statistical indicators, wrote about the decrease in Yugoslav foreign trade exchange in the first ten months in 1938, in comparison with the same period in 1937. While from January to October 1937, Yugoslav exports were 5.110,5 million dinars, in the same period in 1938, it was 3.993 million dinars, or 21,86\% less. In the first ten months of 1937, Yugoslav imports were 4.265 million dinars, and from January to October 1938 4.199 million dinars, or 1,55\% less. The Yugoslav trade balance with abroad in the first ten months of 1937 was a surplus for 845,3 million dinars, but in the first ten months of 1938 it was passive for 205,9 million dinars. They reckoned that Yugoslavia accomplished positive results because of its agro industry and exports to Italy and Germany. Also, they noticed that Yugoslav economic relations with Great Britain and France were not only the trade exchange, but significant investments. For example, Great Britain invested around 900 million dinars in Yugoslavia, while in Bulgaria only 29,9 million levs.\textsuperscript{644}

The Italian Government received information in the mid-December 1938 about weak results in Italian exports of electrical products to Yugoslavia. The Consulate General in Zagreb sent this information. They wrote that Italy did not make efforts to increase its participation

\textsuperscript{640} ASDMAE, DGAC, p. 3–1.
\textsuperscript{641} AJ, 76, 78–147.
\textsuperscript{642} ASDMAE, DGAC, p. 3–1, s. 1.
\textsuperscript{643} ASDMAE, DGAC, p. 4–1.
\textsuperscript{644} ASDMAE, DGAC, p. 4, s. 1.
in Yugoslav imports of electrical products, unlike Germany, which had a network of its representatives in Yugoslavia. They also wrote about the Italian need to get acquainted with Yugoslav market, so that a plan on penetrating the electrical industry could be made. Statistics, which they attached to the report, showed that Germany, with its technical and commercial organization, totally defeated Italy in the Yugoslav market of electrical products.

Table 73: Yugoslav imports of electrical products in 1938

<table>
<thead>
<tr>
<th>Products</th>
<th>Total Yugoslav imports</th>
<th>From Germany</th>
<th>From Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamo, alternators and electrical engines</td>
<td>1.863.995 kg or 47.747.009 dinars</td>
<td>1.571.650 kg (84,32%) or 39.128.579 dinars (81,95%)</td>
<td>3.110 kg (0,17%) or 142.148 dinars (0,30%)</td>
</tr>
<tr>
<td>Electrodes for accumulators</td>
<td>83.023 kg or 1.054.680 dinars</td>
<td>44.438 kg (53,52%) or 562.364 dinars (53,32%)</td>
<td>3.813 kg (4,59%) or 41.369 dinars (3,92%)</td>
</tr>
<tr>
<td>Telephones, telegraphs and microphones</td>
<td>63.036 kg or 11.827.706 dinars</td>
<td>52.843 kg (83,83%) or 9.847.546 dinars (83,26%)</td>
<td>78 kg (0,15%) or 13.270 dinars (0,11%)</td>
</tr>
<tr>
<td>Electric signals and bells</td>
<td>8.938 kg or 766.570 dinars</td>
<td>8.141 kg (91,08%) or 692.047 dinars (90,28%)</td>
<td>4 kg (0,04%) or 198 dinars (0,03%)</td>
</tr>
<tr>
<td>Instruments for measuring and electric counters</td>
<td>70.680 kg or 5.830.731 dinars</td>
<td>47.980 kg (67,88%) or 3.608.337 dinars (61,88%)</td>
<td>18 kg (0,03%) or 1.365 dinars (0,02%)</td>
</tr>
<tr>
<td>Electric devices with small engines (such as ventilators)</td>
<td>37.557 kg or 3.929.815 dinars</td>
<td>27.427 kg (73,03%) or 2.523.430 dinars (64,21%)</td>
<td>284 kg (0,76%) or 34.879 dinars (0,89%)</td>
</tr>
</tbody>
</table>
Yugoslav-Italian Economic Relations (1918‒1941)

<table>
<thead>
<tr>
<th>Kitchen devices</th>
<th>17.367 kg or 1.450.646 dinars</th>
<th>15.137 kg (87,16%) or 1.227.700 dinars (84,63%)</th>
<th>415 kg (2,39%) or 55.980 dinars (3,86%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio devices and their components</td>
<td>354.939 kg or 35.815.681 dinars</td>
<td>99.019 kg (27,90%) or 8.171.706 dinars (22,82%)</td>
<td>10.437 kg (2,94%) or 753.341 dinars (2,10%)</td>
</tr>
<tr>
<td>Wireless telegraphic devices and their components</td>
<td>52.712 kg or 7.599.642 dinars</td>
<td>43.411 kg (82,36%) or 3.813.490 dinars (50,18%)</td>
<td>202 kg (0,11%) or 43.572 dinars (0,03%)</td>
</tr>
<tr>
<td>Electric lamps and batteries</td>
<td>70.055 kg or 7.317.779 dinars</td>
<td>25.597 kg (36,54%) or 2.629.436 dinars (35,93%)</td>
<td>75 kg (0,11%) or 2.240 dinars (0,003%)</td>
</tr>
<tr>
<td>Electric cables and isolation materials</td>
<td>1.373.906 kg or 14.566.959 dinars</td>
<td>1.273.711 kg (92,71%) or 12.832.719 dinars (88,09%)</td>
<td>40.451 kg (2,94%) or 541.888 dinars (3,72%)</td>
</tr>
</tbody>
</table>

ASDMAE, DGAC, p. 4, s. 1.

Yugoslav exports to Italy were 324 million dinars in 1938, which was 6,4% of all Yugoslav exports. On the other hand, Yugoslav imports from Italy were 444 million dinars in 1938, which was 8,9% of total Yugoslav imports. From 1934 to 1939 Yugoslavia maintained mostly an active balance in the exchange with Italy, but in 1938 things changed.

---

645 ACS, MMM–DGPAG, b. 392, t/17 (30).
Table 74: Italian balance of trade with Yugoslavia from 1934 to 1938
(in millions of liras)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>204</td>
<td>140</td>
<td>-64</td>
</tr>
<tr>
<td>1935</td>
<td>185</td>
<td>101</td>
<td>-85</td>
</tr>
<tr>
<td>1936</td>
<td>69</td>
<td>45</td>
<td>-24</td>
</tr>
<tr>
<td>1937</td>
<td>254</td>
<td>192</td>
<td>-62</td>
</tr>
<tr>
<td>1938</td>
<td>150</td>
<td>219</td>
<td>+69</td>
</tr>
</tbody>
</table>

ACS, MMM–DGPAG, b. 302, t/17 (2)

In January 1939, the Italian Government received information that Yugoslavia reduced the price of wheat from 160 to 140 dinars (73 liras) per quintal, and that it was done in line with the Third Protocol. Italy endeavored to import wheat not only from Yugoslavia, but also from Bulgaria and Romania. Medini, director of “Federgrani”, arrived in Belgrade on the 22nd of January 1939, to talk to Yugoslav authorities on the possibility for new modes of Italian importing Yugoslav wheat. The results of the negotiations were as follows: 1. It was not possible at the moment to reach a concrete agreement for Italian imports of Yugoslav wheat, 2. Yugoslavia would maintain a lower price (140 dinars or 73 liras per quintal), 3. The Italian delegation countered that such a price was higher than in Liverpool and Amsterdam, where it was 52 liras per quintal, and 4. The Yugoslav delegation claimed that Yugoslavia would not additionally lower this price, because Germany was ready to buy it all at an even higher price, but due to some difficulties in Yugoslav-German clearing, it was not possible at the moment. In March 1939, Italy purchased around 10,000 tons of Yugoslav wheat and around 10,000 tons of Yugoslav maize, and imported it through Venezia, Ancona and Bari. But, the price of Yugoslav wheat increased to 155 dinars or 83 liras per quintal. 646

In February 1939, the Italian envoy in Belgrade informed the Ministry of Foreign Affairs that Ivo Belin, Vice Governor of the National Bank of Yugoslavia, suggested growth in the turnover through clearing. There were also some suggestions that payments of silkworm casings, which Yugoslavs imported from Gino Bonazzi from Milano

646 ASDMAE, DGAC, p. 3–1, s. 4.
(around 220,000 kg), should also be done through clearing, due to problems with payments.\textsuperscript{647} In March 1939, “Federazione Industriali Risieri” with a seat in Milano, expressed its concerns about a realistic danger that France would completely push Italy from the Yugoslav rice market. They worried about the Yugoslav intention to compensate wood for Egyptian rice. At that time, Italian quotas of rice for exportation to Yugoslavia were 22,000 tons.\textsuperscript{648} In late April 1939, Italy gave up on the importation of 185,000 kg of prunes from Yugoslavia, due to a decision of Yugoslav authorities to keep tax on transportation of these goods, neglecting Italian demand.\textsuperscript{649} In the same month, Ciano and new Yugoslav Prime Minister Cincar-Marković talked in Venezia about possibilities of wider economic cooperation.\textsuperscript{650} Talks on the modification of the clearing arrangements continued through the next month.\textsuperscript{651} The Italian Legation in Belgrade sent the information to Rome on the 24\textsuperscript{th} of June 1939 about the decision of the Yugoslav Government to accept that up-to-then trading arrangement between Italy and Yugoslavia would also apply to Albania.\textsuperscript{652}

While in 1938, Yugoslavia had a passive trade balance with Italy of 121 million dinars, in 1939 it was again active for 26 million dinars. However, the clearing account, which was always active for Yugoslavia, since the 15\textsuperscript{th} of February 1939 began to be passive for 4,3 million dinars. Yugoslavia was positive in payments with Italy again on the 1\textsuperscript{st} of November 1940.\textsuperscript{653} The share of Yugoslav exports and imports through clearing from 1934 to 1939 averaged 75,6\% and 73,3\%, respectively.\textsuperscript{654}

Italy and Germany signed the Pact of Friendship and Alliance (Pact of Steel) on the 22\textsuperscript{nd} of May 1939. In the expectation of war,

\textsuperscript{647} ASDMAE, DGAC, p. 3–1, s. 1.  
\textsuperscript{648} ASDMAE, DGAC, p. 3–1, s. 6.  
\textsuperscript{649} ASDMAE, DGAC, p. 3–1, s. 5.  
\textsuperscript{651} ACS, INCE–UA, b. 78.  
\textsuperscript{652} ACS, INCE–UA, b. 135.  
\textsuperscript{653} Boško Đorđević, Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine, 108.  
\textsuperscript{654} Jozo Tomasevich, Foreign Economic Relations 1918–1941, 207.
Yugoslavia wanted to buy a number of weapons and military supplies from Italy. Therefore, they signed a confidential contract on the 10th of June 1939 in Belgrade. It was agreed that all of what Yugoslavia would eventually purchase in Italy, should be paid partially in foreign currency and partially in raw materials.\footnote{Boško Đorđević, Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine, 109.}

In June 1939, the foundation of the Yugoslav-Italian Chamber of Commerce became active again. Vlada Ilić, mayor of Belgrade, sent a letter on the 12th of June 1939 to representatives of all chambers of commerce and industry in Yugoslavia, in which he informed them on the idea on the establishment of the Yugoslav-Italian Chamber of Commerce in Belgrade, and the Italian-Yugoslav Chamber of Commerce in Rome. He said that economic relations between the two countries were going well on mutual benefits, and in order to improve them, it would be good to found such an organization. However, it would be important for the legality and legitimacy of the chamber if all relevant economic factors in Yugoslavia participated. Two days later, Mario Indelli, the Italian diplomatic envoy in Belgrade, informed Rome about this letter.\footnote{ASDMAE, DGAC, p. 11, s. 4.} However, it is not clear if the chamber of commerce on the state level was ever founded.

The Fourth Protocol of the Yugoslav-Italian Permanent Economic Committee was signed on the 3rd of August 1939 in Rome.\footnote{ASDMAE, DGAC, p. 3–1.} Sava Obradović led the Yugoslav delegation and Amedeo Giannini led the usually more numerous Italian delegation. They talked about credits, Yugoslav exports of wheat and wood, the possibility of the participation of Italian companies in electrification of Yugoslav railroads, Yugoslav imports of rice and salt, and military kits.\footnote{ACS, INCE–UA, b. 135.} At that time, Italy had a positive clearing balance with Yugoslavia of around 100 million dinars, and the aim of the fourth session was to open a wider opportunity for Yugoslav exports to Italy, which, confined with quotas, could not reach a desirable level. Additionally, one of the most important goods imported from Italy, cotton yarn, was less and less imported to Yugoslavia, due to Italian shortage of foreign currencies needed for acquisitions of cotton. However, the result of the fourth session fixed quotas for...
Yugoslav goods and solved certain customs and payment questions. Yugoslav export quotas increased from 254 million liras, as stipulated by the Third Protocol, to 328 million liras. Therefore, Yugoslav exports to Italy grew from 324 million dinars in 1938 to 583 million dinars in 1939. Exports of wood increased from 163 million dinars to 255.5 million dinars, livestock from 19 to 47 million, and poultry from 13 to 22 million dinars. Wheat exports valued 51 million dinars. Also, Yugoslav imports from Italy grew from 445 million dinars in 1938 to 557 million dinars in 1939.659

Moreover, during the fourth session the Committee talked about Albania, which was a member of the Italian-Albanian customs union.660 However, new quotas on Yugoslav exports to Italy would not include Albania.661 The Albanian problem was both an Adriatic and a Balkan problem.662 Italian political and economic engagement in Albania was the subject of talks between Yugoslav and Italian representatives until the Belgrade Agreement, with which Yugoslavia practically recognized Italian domination in Albania. On the eve of the Second World War, Italy doubled its exports to Albania and also increased its imports from Albania. However, the trade exchange with Albania did not represent a significant factor in Italian economy, as it was less than one percent of all Italian exports and imports. The significance of Albania was in its geo-strategic position, and in April 1939 Italy took control of Albania.663

The Italian envoy in Belgrade informed Rome in August 1939 about an interview with Yugoslav businessman Jevrem Tomić, regarding the Fourth Protocol of the Yugoslav-Italian Permanent Economic Committee. He believed that Yugoslav exports to Italy, valued at 258 million liras, could reach approximately 400 million liras.664 Rome also received information in September 1939 about the growth in Yugoslav hemp exports. It was of lower quality than Italy’s,

659 Boško Đorđević, Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine, 110–111.
660 ASDMAE, DGAC, p. 3–1.
662 Massimo Bucarelli, La Jugoslavia nella politica estera di Mussolini (1924–1937), 438.
663 Andrej Mitrović, Yugoslavia, the Albanian question and Italy 1919–1939, Serbs and the Albanians in the 20th Century: Series of Lectures (May 7–10, 1990), Belgrade 1991, 271.
664 ASDMAE, DGAC, p. 3–1.
but cheaper, which endangered Italian interests. The Italian Ministry of Agronomy suggested the establishment of a Yugoslav-Italian company for exports of hemp. However, the Italian Legation in Belgrade sent a report to Rome already in October in which they informed the Italian Government that it was too late for such an initiative, because the Yugoslavs and Germans had already reached an agreement. A thousand wagons of Yugoslav hemp had already been exported to Germany, while German weapons and military equipment had been purchased by Yugoslavia. Belgrade decided to keep a certain amount of hemp, to use it in case of a cotton shortage.\footnote{ASDMAE, DGAC, p. 3–1, s. 9.}

The silk yarn shortage became evident in Yugoslavia in September 1939, because of the decision of the Italian Government to strengthen its export control, due to the uncertainty of further supplying Italian factories with raw materials. “Italrayon” from Milano informed its customers in Yugoslavia that they could not export artificial silk. Actually, the prohibition was not absolute and Italian exporters had to ask for permission. In late September, Yugoslav factories fell into a difficult situation, with production reserves for only 2–3 weeks.\footnote{AJ, 76, 80–153.} Disruptions in various economy fields became more evident. Yet in August 1939, 40-45 wagons of Yugoslav wood arrived daily in the port of Fiume/Rijeka, but in early September the situation worsened. Thus, on the 6th of September 1939, only four wagons arrived, and the following day, only one.\footnote{ACS, MMM–DGPAG, b. 392, t/17 (2).}

Although Italy was not yet at war, which began on the 1st of September 1939, it entered it on the 10th of June 1940, after which its attitude changed, and the policy of import limits through the quota system gave its place to policy of supplies of raw materials and other needed goods. Due to the interruption of connections with some of overseas markets, Italy had to supply itself from European countries. Therefore, a revision of some previous stipulations on quotas had to be completed. On the 24th of October 1939, the Fifth Protocol was signed in Belgrade, with which quotas for Yugoslav exports of wood to Italy changed.\footnote{ACS, INCE–UA, b. 135.} They increased from 138,5 to 181 million liras for timber.

\begin{footnotesize}
\footnote{ASDMAE, DGAC, p. 3–1, s. 9.}
\footnote{AJ, 76, 80–153.}
\footnote{ACS, MMM–DGPAG, b. 392, t/17 (2).}
\footnote{ACS, INCE–UA, b. 135.}
\end{footnotesize}
from 4 to 5 million liras for firewood, and from 4 to 6 million liras for pulpwood.\textsuperscript{669}

Yugoslav textile factories complained that their sellers from Italy increased the price of cotton and other yarns by 25–40% in October 1939.\textsuperscript{670} Italy was the most important Yugoslav supplier of textiles.

Table 75: Yugoslav imports of cotton yarn in 1938 and 1939 (in wagons)

<table>
<thead>
<tr>
<th>Main countries</th>
<th>1938</th>
<th>Main countries</th>
<th>1939 (first six months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>670</td>
<td>Italy</td>
<td>500</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>378</td>
<td>Germany</td>
<td>171</td>
</tr>
<tr>
<td>Austria</td>
<td>96</td>
<td>Czechoslovakia</td>
<td>46</td>
</tr>
<tr>
<td>Greece</td>
<td>87</td>
<td>Greece</td>
<td>16</td>
</tr>
<tr>
<td>Germany</td>
<td>34</td>
<td>Poland</td>
<td>1,7</td>
</tr>
<tr>
<td>Poland</td>
<td>7</td>
<td>Hungary</td>
<td>0,7</td>
</tr>
<tr>
<td>In total</td>
<td>1,397</td>
<td>In total</td>
<td>787</td>
</tr>
</tbody>
</table>


Table 76: Yugoslav imports of woolen yarn in 1938 and 1939 (in wagons)

<table>
<thead>
<tr>
<th>Main countries</th>
<th>1938</th>
<th>Main countries</th>
<th>1939 (first six months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechoslovakia</td>
<td>46</td>
<td>Germany</td>
<td>50</td>
</tr>
<tr>
<td>Italy</td>
<td>39</td>
<td>Italy</td>
<td>43</td>
</tr>
<tr>
<td>Germany</td>
<td>38</td>
<td>Czechoslovakia</td>
<td>3,7</td>
</tr>
<tr>
<td>Austria</td>
<td>9</td>
<td>In total</td>
<td>104</td>
</tr>
<tr>
<td>Poland</td>
<td>0,7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In total</td>
<td>151</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


\textsuperscript{669} Boško Đorđević, \textit{Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine}, 112.

\textsuperscript{670} AJ, 76, 80–153.
Table 77: Yugoslav imports of silk yarn in 1938 and 1939 (in wagons)

<table>
<thead>
<tr>
<th>Main countries</th>
<th>1938</th>
<th>Main countries</th>
<th>1939 (first six months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>99</td>
<td>Germany</td>
<td>67</td>
</tr>
<tr>
<td>Germany</td>
<td>66</td>
<td>Italy</td>
<td>66</td>
</tr>
<tr>
<td>Hungary</td>
<td>4</td>
<td>Hungary</td>
<td>1,2</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1</td>
<td>In total</td>
<td>149</td>
</tr>
<tr>
<td>Austria</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In total</td>
<td>225</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The German Chamber of Commerce in Belgrade informed Berlin on the 25th of October 1939 that Italians showed a great interest for Yugoslav wheat, livestock, wood, iron, and copper. They also offered weapons to the Yugoslavs, in exchange for ores important for waging the war. However, Italian economists Raffaele Riccardi, Adelchi Ricciardi and Amedeo Giannini advocated a policy in which Italian positions in Yugoslavia would be secured by a compromise with Germany, not by competition with Germany. The German Government was ready to leave 500 tons of copper from a Yugoslav mine in Bor to Italy, while Germany would receive 2,000 tons.  

During the seven-month long implementation of the Fifth Protocol (October 1939 – May 1940), Yugoslavia exported to Italy 8,643 wagons of goods, which was 110% more than in the previous period (3,972 wagons), and valued at 544 million dinars, which was 116% more in comparison to the previous period (268 million dinars). For seven months, Yugoslavia imported 5,100 wagons from Italy, and it slightly increased compared with the previous period (4,999 wagons), and in value it augmented by 68%, from 373 to 491 million dinars. The growth of Yugoslav exports to Italy was higher from the 1st of January to the 30th of April 1940 (122% in quantity). Also, the Yugoslav clearing account remained passive until April 1940, when it returned to the active (22

---

671 Andrej Mitrović, Treći Rajh i italijanska privredna konkurencija u Jugoslaviji na početku drugog svjetskog rata (1. IX 1939 – 6. IV 1941), Zbornik Filozofskog fakulteta, XIV–1, Beograd 1979, 408–416.
million dinars to the Yugoslav advantage).\textsuperscript{672}

Table 78: The structure of Yugoslav exports to Italy in 1939

<table>
<thead>
<tr>
<th>Branch</th>
<th>Of all Yugoslav exports to Italy</th>
<th>Of all Yugoslav exports in the concerned sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>50%</td>
<td>29,2%</td>
</tr>
<tr>
<td>Livestock</td>
<td>25%</td>
<td>9,6%</td>
</tr>
<tr>
<td>Agro products</td>
<td>13%</td>
<td>6,0%</td>
</tr>
<tr>
<td>Chemical goods</td>
<td>5%</td>
<td>15,0%</td>
</tr>
<tr>
<td>Mining sector</td>
<td>4%</td>
<td>2,3%</td>
</tr>
<tr>
<td>Industrial merchandise</td>
<td>1%</td>
<td>-</td>
</tr>
</tbody>
</table>


The Agreement on Petroleum Products between Yugoslavia and Italy was concluded on the 25\textsuperscript{th} of January 1940.\textsuperscript{673} Italy was capable of exporting around 30.000 tons of petroleum products to Yugoslavia, and 50% would be done through clearing, while 50% would be paid by “free currency”.\textsuperscript{674} During the same month, the Italian press noticed that Germany had an absolute economic domination of the Balkans.\textsuperscript{675} In the case of Yugoslavia, despite all Italian efforts, it was now evident. In the first half of 1938, Yugoslav imports from Germany were 44,09% and from Italy 11,75% of total Yugoslav imports. In the first six months of 1939, Yugoslav imports from Germany were 45,64% and from Italy 14,20% of all goods imported to Yugoslavia.\textsuperscript{676} Besides the doubtless progress in the trade exchange with Yugoslavia after the sanctions, Italy fell behind the massive German economic presence in the region.\textsuperscript{677}


\textsuperscript{673} Ibid.

\textsuperscript{674} ACS, INCE–UA, b. 136.

\textsuperscript{675} Dragan Aleksić, *Spoljnotrgovinska politika Kraljevine Jugoslavije 1939–1941*, 79.


\textsuperscript{677} Nicola La Marca, *Italia e Bačkani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Süd Est europeo fra le due guerre*, 100.
From the end of the First World War to 1937, Italy always imported more from Yugoslavia than it exported there, and Yugoslavia almost always maintained an active trade balance. However, in 1938, due to the new Italian policy of foreign economic relations after sanctions and measures agreed with Yugoslav authorities, Italy exported more to Yugoslavia than it imported, and for the first time in the trade exchange with Italy since 1920–1921, Yugoslavia held a passive trade balance. Main customer of Yugoslav goods became Germany. The table below displays the participation of Italy and Germany in total Yugoslav exports and imports in 1925 and 1937.

Table 79: Yugoslav trade exchange with Italy and Germany in 1925 and 1937

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports in 1925</th>
<th>Imports in 1925</th>
<th>Exports in 1937</th>
<th>Imports in 1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>25,26%</td>
<td>18,78%</td>
<td>9,36%</td>
<td>8,21%</td>
</tr>
<tr>
<td>Germany</td>
<td>7,15%</td>
<td>9,90%</td>
<td>21,70%</td>
<td>32,28%</td>
</tr>
</tbody>
</table>

The Yugoslav-Italian trade exchange reached its nadir in 1936, but recovery was too slow, and on the eve of the war, it still did not reach levels from the period prior to the sanctions.

Table 80: Yugoslav exports to Italy in millions of dinars (1934–1939)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>798</td>
<td>20,6</td>
</tr>
<tr>
<td>1935</td>
<td>672</td>
<td>16,7</td>
</tr>
<tr>
<td>1936</td>
<td>137</td>
<td>3,1</td>
</tr>
<tr>
<td>1937</td>
<td>587</td>
<td>9,4</td>
</tr>
<tr>
<td>1938</td>
<td>324</td>
<td>6,4</td>
</tr>
<tr>
<td>1939</td>
<td>584</td>
<td>10,6</td>
</tr>
</tbody>
</table>

Table 81: Yugoslav imports from Italy in millions of dinars (1934–1939)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>555</td>
<td>15.5</td>
</tr>
<tr>
<td>1935</td>
<td>371</td>
<td>10.0</td>
</tr>
<tr>
<td>1936</td>
<td>102</td>
<td>2.5</td>
</tr>
<tr>
<td>1937</td>
<td>430</td>
<td>8.2</td>
</tr>
<tr>
<td>1938</td>
<td>445</td>
<td>8.9</td>
</tr>
<tr>
<td>1939</td>
<td>557</td>
<td>11.7</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*

Table 82: Yugoslav trade balance with Italy in millions of dinars (1934–1939)

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>+ 243</td>
</tr>
<tr>
<td>1935</td>
<td>+ 301</td>
</tr>
<tr>
<td>1936</td>
<td>+ 35</td>
</tr>
<tr>
<td>1937</td>
<td>+ 157</td>
</tr>
<tr>
<td>1938</td>
<td>- 121</td>
</tr>
<tr>
<td>1939</td>
<td>+ 27</td>
</tr>
</tbody>
</table>

*Jugoslavija 1918–1988: statistički godišnjak, 301, 304.*

Obviously, the Yugoslav trade balance with Italy became less and less active, and in 1938 Italy held a favorable trade balance with Yugoslavia, for the first time after 1920–1921. However, taking into account inflation, one can attain to constant figures.

Table 83: Yugoslav exports to Italy and imports from Italy (at constant 1920 prices) in millions of dinars (1934–1938)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>968</td>
<td>674</td>
</tr>
<tr>
<td>1935</td>
<td>783</td>
<td>431</td>
</tr>
<tr>
<td>1936</td>
<td>154</td>
<td>113</td>
</tr>
<tr>
<td>1937</td>
<td>604</td>
<td>441</td>
</tr>
<tr>
<td>1938</td>
<td>318</td>
<td>436</td>
</tr>
</tbody>
</table>
The outbreak of the Second World War in September 1939 made Yugoslav imports of essential commodities almost impossible, because of blockade, higher prices, lack of foreign exchange and greater demands of belligerent countries. The situation worsened on the 10th of June 1940 when Italy entered the war. But, a few months earlier, in February 1940, Belgrade found out that Italy imported Yugoslav livestock and then exported it to Germany. Namely, each week around 200 oxen imported from Yugoslavia were slaughtered in Trieste, frozen and then exported to Germany. At least 30 Yugoslav companies asked the Government in Belgrade in February and March 1940 to pay imported goods from Italy by foreign currencies, not through clearing, due to such demands by Italian tradesmen.

The sixth session of the Yugoslav-Italian Permanent Economic Committee finished in Rome on the 20th of June 1940. By the new protocol, the list of Yugoslav products for exports to Italy changed. Being involved in the war, Italy endeavored to provide as many basic commodities as possible, as well as other goods needed for its economy. Therefore, Italian authorities asked for a rise in quotas from Yugoslavia. Thus, the Sixth Protocol stipulated that new quota on Yugoslav exports of wheat to Italy would be 100,000 tons; while in 1939 it exported 28,445 tons. The quota for Yugoslav exports of construction timber was established at 919,000 tons, while in the previous exported 352,535 tons to Italy, and the quota for firewood was 360,000 tons, while in 1939, Yugoslav firewood exports to Italy reached 65,817 tons. The total value of approved quotas for Yugoslav exports to Italy in 1940 was estimated at 1.650 million dinars, far more than in 1939, when it was 583 million dinars. However, bearing in mind the weak perspectives of the Yugoslav wheat harvest, it was also agreed on the sixth session that 50,000 tons of wheat would be compensated by 50,000 tons of maize. Yugoslav exports of wheat and maize to Italy would be at least 40% of all Yugoslav exports of these goods in 1940–1941.

As for quotas on Yugoslav imports from Italy, they stipulated that 20,000 tons of rice, 8,000 tons of cotton yarn and only 400 tons

---

of woolen yarn (although Yugoslavs asked for 1.100 tons) would be imported.\textsuperscript{682} Also, Slovene companies greeted the quota of 3.000 tons of Italian fiocco yarn for the period of the 1\textsuperscript{st} of July 1940 – the 30\textsuperscript{th} of June 1941.\textsuperscript{683}

Italy, Germany and Japan signed the Tripartite Pact on the 27\textsuperscript{th} of September 1940, and a week later, when Raffaelle Riccardi, the Italian Minister of Foreign Trade, visited Berlin, the German administration noted that since Italy had entered the war, the Italian interest in imports from Southeastern Europe was more evident. Therefore, it would be advantageous if Germany and Italy would agree on imports from Yugoslavia, in their mutual interest to avoid an awkward situation caused by their rivalry there.\textsuperscript{684}

In May 1940, it was agreed that Yugoslavia would export 200.000 – 210.000 tons of coal to Italy at a value of 28.600.000 liras, and in October and November 1940 Italy intended to import lead from Yugoslavia, from the mine of Trepča, valued at approximately 7.000.000 liras.\textsuperscript{685}

Due to the blockade of the Mediterranean Sea, from June to November 1940, Italian ports were loaded with goods bought by Yugoslav businessmen. Belligerent countries carried out the blockade, with the intention to keep their enemies out of possible supplies. In December 1940, Yugoslav and Italian authorities agreed that all merchandise that had been paid prior to the 10\textsuperscript{th} of June 1940 would be released and sent to Yugoslavia. This would also apply to goods originating from those countries at war with Italy, and which were confiscated in line with Italian war legislation. The Yugoslav side did not have clear insight into the quantity of goods, including those that Italian authorities already sold, but it was agreed that this merchandise, if it had been paid for by Yugoslav importers, would be compensated. By the end of January 1941, almost all merchandise was released from Italian ports.\textsuperscript{686}

In December 1940, “Canapificio Veneto Antonini & Ceresa” in Milano informed Yugoslav importers of hemp yarn that Italian

\textsuperscript{682} Ibid, 116.
\textsuperscript{683} AJ, 76, 80–153.
\textsuperscript{684} Andrej Mitrović, \textit{Treći Rajh i italijanska privredna konkurencija u Jugoslaviji na početku drugog svjetskog rata (1. IX 1939 – 6. IV 1941)}, 407.
\textsuperscript{685} ACS, INCE–UA, b. 136.
\textsuperscript{686} AJ, 76, 78–148.
authorities decided to forbid exports of hemp, under the excuse that a complete quota of 450 tons, agreed on the sixth session of the Yugoslav-Italian Permanent Economic Committee, had already been exported. But, Yugoslav authorities had the information that only 150 tons were exported to Yugoslavia. In January 1941, the Attaché for Economic Affairs in the Yugoslav Legation in Rome informed Belgrade that in the second half of 1940, Italy exported 225 tons to Yugoslavia.\textsuperscript{687}

The value of all Italian goods exported to Yugoslavia in 1940 was 374.181.000 liras, while the value of all Yugoslav merchandise imported to Italy in the same year was 448.809.000 liras. Cotton and cotton products led all Italian exports to Yugoslavia, while wood, livestock and grain continued to play the most important role in Italian imports from Yugoslavia.\textsuperscript{688}

Table 84: Value of merchandise exported from Italy to Yugoslavia in 1940

<table>
<thead>
<tr>
<th>Article</th>
<th>Value in thousands of liras</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton and cotton products</td>
<td>101.516</td>
</tr>
<tr>
<td>Fiber and fiber products</td>
<td>44.899</td>
</tr>
<tr>
<td>Wool and woolen products</td>
<td>26.638</td>
</tr>
<tr>
<td>Rice</td>
<td>21.728</td>
</tr>
<tr>
<td>Automobiles and locomotives</td>
<td>16.620</td>
</tr>
<tr>
<td>Citrus fruits</td>
<td>16.414</td>
</tr>
<tr>
<td>Mineral oils</td>
<td>12.116</td>
</tr>
<tr>
<td>Engines and devices</td>
<td>10.111</td>
</tr>
<tr>
<td>Elastic rubber products</td>
<td>10.007</td>
</tr>
<tr>
<td>Colors</td>
<td>8.003</td>
</tr>
<tr>
<td>Hemp yarn</td>
<td>7.981</td>
</tr>
<tr>
<td>Dry fruits</td>
<td>6.828</td>
</tr>
<tr>
<td>Iron products</td>
<td>5.844</td>
</tr>
<tr>
<td>Components for airplanes and boats</td>
<td>5.522</td>
</tr>
</tbody>
</table>

\textsuperscript{687} AJ, 76, 80–153.  
\textsuperscript{688} ACS, INCE–UA, b. 135.
<table>
<thead>
<tr>
<th>Product Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic and non-organic chemical products</td>
<td>4.956</td>
</tr>
<tr>
<td>Silk and silk products</td>
<td>4.024</td>
</tr>
<tr>
<td>Wires and electric cables</td>
<td>3.510</td>
</tr>
<tr>
<td>Flax and flax products</td>
<td>3.338</td>
</tr>
<tr>
<td>Paper</td>
<td>3.033</td>
</tr>
<tr>
<td>Sulphur</td>
<td>2.663</td>
</tr>
<tr>
<td>Raw leather</td>
<td>2.453</td>
</tr>
<tr>
<td>Fresh flowers</td>
<td>2.445</td>
</tr>
<tr>
<td>Mercury</td>
<td>2.060</td>
</tr>
<tr>
<td>Hats and caps</td>
<td>1.781</td>
</tr>
<tr>
<td>Zink</td>
<td>1.680</td>
</tr>
<tr>
<td>Marble, alabaster and other Non-metallic minerals</td>
<td>1.593</td>
</tr>
<tr>
<td>Pharmaceutical and medical products</td>
<td>1.543</td>
</tr>
<tr>
<td>Furniture</td>
<td>1.394</td>
</tr>
<tr>
<td>Vegetables</td>
<td>980</td>
</tr>
<tr>
<td>Salt</td>
<td>717</td>
</tr>
<tr>
<td>Other goods</td>
<td>41.784</td>
</tr>
<tr>
<td>Total</td>
<td>374.181</td>
</tr>
</tbody>
</table>

ACS, INCE–UA, b. 135.
Table 85: Value of merchandise imported from Yugoslavia to Italy in 1940

<table>
<thead>
<tr>
<th>Article</th>
<th>Value in thousands of liras</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>215.142</td>
</tr>
<tr>
<td>Livestock</td>
<td>77.634</td>
</tr>
<tr>
<td>Grain</td>
<td>35.140</td>
</tr>
<tr>
<td>Hard coal and other heating fossils</td>
<td>23.390</td>
</tr>
<tr>
<td>Eggs</td>
<td>15.198</td>
</tr>
<tr>
<td>Chemical fertilizer</td>
<td>12.407</td>
</tr>
<tr>
<td>Fish</td>
<td>9.043</td>
</tr>
<tr>
<td>Blend for the fabric production of paper</td>
<td>8.305</td>
</tr>
<tr>
<td>Raw leather</td>
<td>5.551</td>
</tr>
<tr>
<td>Stone, soil and other non-metallic minerals</td>
<td>3.945</td>
</tr>
<tr>
<td>Charcoal</td>
<td>2.118</td>
</tr>
<tr>
<td>Organic chemical products</td>
<td>2.056</td>
</tr>
<tr>
<td>Seeds</td>
<td>1.954</td>
</tr>
<tr>
<td>Dry fruits</td>
<td>1.637</td>
</tr>
<tr>
<td>Antimony</td>
<td>1.609</td>
</tr>
<tr>
<td>Medical herbs</td>
<td>1.270</td>
</tr>
<tr>
<td>Lard</td>
<td>1.116</td>
</tr>
<tr>
<td>Mushrooms</td>
<td>894</td>
</tr>
<tr>
<td>Printed books and newspapers</td>
<td>760</td>
</tr>
<tr>
<td>Other goods</td>
<td>29.640</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>448.809</strong></td>
</tr>
</tbody>
</table>

ACS, INCE–UA, b. 135.

It is interesting that the Yugoslav royal residence in Belgrade continued to purchase various merchandise from Italy. In 1938, they bought porcelain dishes from “Cantagalli” in Firenze, 420 kg of cables in “Pirelli” from Milano, around 70 meters of fabrics from “A. Borghi & Co.” in Bologna, and a lemon tree. The following year, machines from
“Morini & Bossi” in Milano were bought, and in 1940 they purchased installations from Torino and three engines from “Fratelli Guidetti” in Milano.⁶⁸⁹

In February 1941, there was no particular changes in Yugoslav-Italian economic relations⁶⁹⁰ and Italian sellers requested Yugoslav customers to pay for their merchandise in advance. This worried Yugoslav tradesmen, who had to wait longer for their paid goods, for which nobody could guarantee it would be delivered.⁶⁹¹ In the same month, Yugoslav-Italian clearing was passive for Italy, while Yugoslav-German clearing remained passive for Yugoslavia.⁶⁹² In March 1941, Yugoslav companies from Subotica and Sombor exported 31 horses to Italy.⁶⁹³

The seventh and the final session of the Yugoslav-Italian Permanent Economic Committee was held in Rome, and they signed the Seventh Protocol on the 16th of March 1941. Due to the ongoing war, Yugoslavia suffered restricted supplies and Italy oriented toward European markets. Therefore, they needed a revision of the stipulations from the Sixth Protocol. As for Yugoslav exports to Italy, new quotas were as follows: bacon 400 tons, salted fish 500 tons, meat products 200 tons and brandy 1.500 hl. Also, new quotas for Yugoslav imports from Italy were arranged and they were mostly in textile sector: cotton and woolen materials mixed with fiocco 62,5 tons, cotton material 300 tons, fiocco material 175 tons, artificial silk thread 100 tons and lanithal 50 tons. The delivery dates and prices would be discussed in April 1941.⁶⁹⁴ However, three weeks later, on the 6th of April 1941, an armed conflict between Yugoslavia and Italy interrupted any type of economic relations between the two countries.

⁶⁸⁹ AJ, 74, 311–453.
⁶⁹⁰ Izveštaji Ministarstva inostranih poslova Kraljevine Jugoslavije za 1940–1941. godinu – Izvori za istoriju međunarodnih odnosa 1930–1940, XI (priredio Dragan Teodosić), Beograd 2015, 582.
⁶⁹² ACS, INCE–UA, b. 136.
The reestablishment of economic relations between Italy and Yugoslavia after the sanctions faced serious obstacles. Italy endeavored to use as much as possible the fact that sanctions had failed, especially in rapprochement with countries that participated in it. In September 1936, Yugoslavia and Italy signed a new economic agreement, on the basis of which clearing remained the mode of payment in their turnover. However, already during the next month, Germany responded by giving Yugoslavia additional privileges in their mutual trade. In March 1937, the Yugoslav-Italian Permanent Economic Committee was established, with economic experts from both countries. Through seven sessions of the committee from 1937 to 1941, economic relations, particularly in the trade exchange and method of payment, were regulated between Italy and Yugoslavia by signing seven protocols. Although Yugoslav exports to Italy decreased and Yugoslav imports from Italy increased, Italy was not able to completely regain its old economic positions in Yugoslavia, and to reach the level of the period before the sanctions. Germany succeeded in keeping Italy out of its endeavors in Yugoslavia, despite all Italian activities.
Conclusions

Despite good economic relations, especially in the 1920s, Italy was the most dangerous political opponent of Yugoslavia, particularly in the mid-1930s. The only Yugoslav measures of protection from eventual Italian aggression were a weak alliance with France and cumbersome mechanism of the League of Nations. However, while for Yugoslavia Italy was the greatest opponent, for France Italy was a potential ally against the most dangerous French opponent – Germany. In the tensed political and economic relations between Yugoslavia and Italy, Germany saw its chance. It had a great interest to penetrate into Southeastern Europe, and in the same time to prevent the penetration of other countries. Yugoslav fears of Italy and of Italian-French cooperation had an influence in future Yugoslav-German approachment.

Italy, with an economic structure different from the German, could not offer to Yugoslavia better trade conditions. On the contrary, bearing in mind a constant deficit, Italy intended to change those conditions to its advantage. Italy also had a negative clearing balance with Yugoslavia, and Italian authorities placed a ban on exports of several industrial products to Yugoslavia. Thus, the trade exchange between Italy and Yugoslavia became more difficult.

Italian foreign policy, which endeavored to provide its economic and political domination in the Balkans and the Danube region, impeded the broadening of the trade exchange with Yugoslavia, and thus created more space for the German economic penetration of the Balkans. In autumn 1935, the Italian Government became more aware of increasing German influence in Yugoslavia, but it was too preoccupied by preparations for the war in Africa, and it had limited economic possibilities to keep Germany from overtaking Italian economic positions in Yugoslavia.

Acceptance and implementation of sanctions against Italy was not only the obligation of Yugoslavia, but also a preventive measure, bearing in mind that Yugoslavia feared Italy and its eventual aggression towards the Yugoslav territory. By participating in sanctions against Italy, Yugoslavia hoped that it would provide support and protection from the League of Nations, in case of an Italian campaign against them.
However, participation in sanctions against one of its best customers hit the Yugoslav economy and made its endeavors to overwhelm economic problems more difficult. The promises of France and Great Britain to overtake a part of Yugoslav exports could not be realized, because these countries did not have a need for what Yugoslavia had been exporting to Italy. Only Germany was able to overtake the surplus of Yugoslav exports. Therefore, for Yugoslavia there were no more dilemmas – it searched for support in Germany, to find solutions for its own economic problems, but also to defend itself from Italy. Thus, Germany successfully took advantage of the Italian campaign in Africa and sanctions, which were applied against Italy, and strengthened its economic positions in Yugoslavia, overtaking first place in Yugoslav exports and imports. In such a way, Germany spread its political influence in the Balkans.

During the application of sanctions against Italy, Yugoslavia lost around 20% of its total exports. The worst year for the Yugoslav-Italian trade exchange was 1936. Yugoslav exports to Italy accounted for only 3.1% of all Yugoslav exports, while Yugoslav imports from Italy were 2.5% of all Yugoslav imports. Economic sanctions against Italy were fatal for Italian interests in Southeastern Europe, particularly in Yugoslavia. Regaining lost economic positions in the Balkans became an imperative for Italian foreign policy after the sanctions. There were two reasons: 1. To keep up the level of industrial production and to avoid an eventual increase of unemployment, and 2. To cover imports by exports in such a way as to avoid a passive foreign trade balance, especially in countries which, before sanctions, exported more to Italy, than they imported from Italy. However, Italy had little chance to push back Germany, which overtook around 60% of Balkan exports to Italy, and became the greatest economic partner of the Balkan countries.

Rome thought that regaining economic positions in Yugoslavia would be accomplished by approaching Berlin, with partition of spheres of interests in the Balkans. Therefore, Italian policy with Yugoslavia in the second half of 1936 was partially determined by Italian policy with Germany.

The renewal of Yugoslav-Italian trade exchange after the sanctions faced many difficulties. Traditionally, Yugoslavia was a great exporter of wood and livestock to Italy, and a great importer of Italian textiles. However, during the sanctions Yugoslavia began to export its articles to
other markets, especially to Germany, while Italy increased imports of wood from Austria and livestock from Hungary, replacing Yugoslavia. According to the Roman Protocols, Italy could not diminish the quantity of trade with those two countries, which limited their actions of regaining economic positions in Yugoslavia, which was gradually developing its textile industry and thus reducing its needs for Italian textile products. One of solutions was to increase Italian exports to Yugoslavia for other industrial branches, such as the engine industry, but the problem of prices was an obstacle and Italian products in this field were not as competitive as other countries. One of the reasons was that in 1935 and 1936 these products were sold only in Italian market and neglected production expenses. The agreement of September 1936 regulated the trade exchange on the basis of quotas. The Italian delegation succeeded in concluding the agreement completely in line with the instructions of the Italian Government for new foreign trade conditions. Basically, this agreement was a reflection of a new Italian foreign trade policy and autarchy, with the clear aim to decrease imports to Italy and to increase exports from Italy. However, it was not easy to achieve such a goal immediately after the sanctions. The German system of economic penetration was accomplished by indebting countries, which were later forced to buy German merchandise.

The Yugoslav-Italian trade exchange was renewed in the second half of 1936 and changed Yugoslav foreign trade conditions were favorable to this renewal. Yugoslav foreign trade was not restricted by any administrative measures until July 1936, when the Yugoslav Government decided to limit imports from countries with which it did not have agreements on clearing. At the same time, imports from the countries with which Yugoslavia had a clearing agreement, including Italy, increased.

Germany did not obstruct Italy in the renewal of its economic relations with Yugoslavia, but Germany did not intend to retreat from gained positions in its economic relations with Yugoslavia. The interests of German and Italian industry clashed in Yugoslavia, but this rivalry never grew to an open conflict.

Surprisingly, the Belgrade Agreement between Italy and Yugoslavia was signed for a period of five years, which was contrary to the new Italian foreign trade policy, intending to conclude agreements
for short periods, in case of an eventual disadvantageous trade balance. Italian authorities most likely wanted to emphasize their willingness to cooperate with Yugoslavia for a longer term, than they usually would. Actually, the economic part of the agreement laid down only a basis for wider economic cooperation, emphasizing an increase of quotas for Yugoslav exports to Italy, as well as a Yugoslav obligation to allow exports to Italy through clearing of those articles for which payment would be otherwise done only in foreign currency. Essentially, with the Belgrade Agreement, Italy reinforced its position in relations to Germany, although regaining past economic positions in Yugoslavia still seemed unrealizable. On the other hand, Yugoslavia believed that a potential threat for its western borders was finally eliminated. Austria and Hungary worried about an eventual Yugoslav-Italian economic rapprochement, and Germany was aware of certain losses of its positions in Yugoslavia.

Yugoslavia had the most developed economic relations and the largest turnover with Germany, and Belgrade was uncomfortable with such economic dependence on Berlin, which led it to a certain indulgence to Rome and Italian demands regarding renewal of their trade exchange. Thus, in 1938, Italy had an active trade balance with Yugoslavia, for the first time after 1920–1921. However, the expectations of Italian authorities that they would regain all of their previous economic positions in Yugoslavia were in vain, due to the strong German interest to remain present in the Balkans.

By the escalation of the Second World War, both Italy and Germany were isolated from their sources of raw materials, and therefore their rivalry in the Balkans became more evident. For both countries, Yugoslavia was extremely important for the basic commodities needed for waging the war, and that it was significant as a market for German and Italian industrial products.

It is also important to note that Yugoslavia held an important role in the Italian policy of autarchy. Due to the crisis and sanctions, Italian foreign trade diminished and forced Rome to find adequate response to new circumstances in which sources of raw materials, as well as markets, slowly closed for Italy. Italian anti-sanction policy requested an autarchic economy, beginning already in autumn 1935, and after a
campaign in Ethiopia it became clear that economic expectations from this action were not realistic. Because of autarchy, Italian imports were limited, which caused a lack of certain goods in the Italian market. With agreements from March and July 1937, Italy received suitable conditions for the imports of some important goods from Yugoslavia, with which Yugoslavia was involved in the realization of the policy of autarchy. The Italian economic program was hardly possible without Yugoslav wood and livestock, which was yet another reason for Italy to regain its economic positions in Yugoslavia which had been lost during the sanctions. However, that was not possible due to the strong German economic interest in Yugoslavia, and Italian economic potential was not strong enough to overpower Germany. When Italian authorities realized that it would not be possible to regain old positions and economic domination in Yugoslavia, they again thought about the destruction of the Yugoslav State. The beginning of the Second World War in September 1939, and Italian engagement in June 1940, favored to that plan, and catastrophe unfolded in April 1941.
Part IV: **Italian Capital in the Yugoslav Economy (1918–1941)**

Foreign capital was present in Yugoslavia in two forms: as a participant in principal capital or as a loan approved to a company. There were often conflicts between those who supported the participation of foreign capital in the Yugoslav economy and the opponents of such activity. The former supported the penetration of foreign capital as a means of the economic development of the country, while the later mentioned methods of colonial expansion, practiced by foreigners, and they argued that some representatives of the foreign capital in Yugoslavia did not have a solid financial base in their own countries. Furthermore, it was noted that foreign capital in Yugoslavia exploited the best and the most profitable businesses, outcompeting domestic capital.\(^{695}\)

However, the business activities of foreign companies in Yugoslavia (1918–1941) can be divided in three basic types: 1. Business of a company with a headquarters abroad and without an established affiliation in Yugoslavia, 2. Business of a company with a headquarters abroad, but with an established affiliation in Yugoslavia, and 3. Business of a company which headquarters moved from abroad to Yugoslavia or a company initially established in Yugoslavia.\(^ {696}\)

Foreign capital in Yugoslavia was mostly financial capital, with a great possibility to provide control of all affiliations. The process of the foreign capital penetration in Yugoslavia was intense, due to the strong interest of international organizations, which struggled to find new markets and bases of raw materials. Some branches of the Yugoslav economy were under the total domination of foreign capital.\(^{697}\)

Foreign capital, invested in Yugoslav banks, additionally influenced the Yugoslav economy: 1. It carried out a massive mobilization of domestic capital in the form of deposits and thus influenced the mode of its usage, i.e. it influenced the credit policy of banks, and 2. Foreign


\(^{696}\) Ibid, 78.

capital involved in its sphere of influence a large number of nominally independent companies.\textsuperscript{698}

Mario Mazzucchelli published an article on the 15\textsuperscript{th} of January 1924 in *Il momento economico – rivista di economia e di finanza (Organo ufficiale dell’Associazione nazionale fabbricanti vermouth e liquori)* in Milano, in which he wrote about the possibilities for the trade exchange with Yugoslavia, which had already been known to Italian businessmen. However, he noticed that Italian capital was not engaged enough in the Yugoslav economy which should be changed. His opinion regarding Serbian financial past was positive, and he thought that the two countries had compatible economies, which should be used more for the infusion of Italian capital into Yugoslavia. However, he did not explain how to proceed.\textsuperscript{699}

Foreign capital tended to remain anonymous, and it was difficult to establish its precise participation in the Yugoslav economy. Some companies had the attribute of “Yugoslav”, but in fact they were under the control of foreign capital.\textsuperscript{700} However, some analyses showed the participation and distribution of foreign capital, including Italian capital, in the Yugoslav economy and its sectors.

Out of the 14 largest Yugoslav companies, no less than 11 were under management and control of banks with the participation of foreign capital. German capital held the top in the Yugoslav banking sector.

\textsuperscript{698} Ibid, 17.
\textsuperscript{699} AJ, 37, 93–519.
\textsuperscript{700} AJ, 37, 38–267.
Table 86: Foreign capital in Yugoslav banks on the eve of the Second World War (around 1940)\textsuperscript{701}

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in number of companies (banks)</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (including Austria)</td>
<td>18</td>
<td>31.9%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>20</td>
<td>22.1%</td>
</tr>
<tr>
<td>Hungary</td>
<td>24</td>
<td>13.1%</td>
</tr>
<tr>
<td>France</td>
<td>8</td>
<td>11.4%</td>
</tr>
<tr>
<td>Italy</td>
<td>11</td>
<td>7.2%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>9</td>
<td>5.1%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>11</td>
<td>2.3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2</td>
<td>1.3%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2</td>
<td>1.0%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>3</td>
<td>0.7%</td>
</tr>
<tr>
<td>Belgium</td>
<td>2</td>
<td>0.7%</td>
</tr>
<tr>
<td>Various</td>
<td>11</td>
<td>3.1%</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>100%</td>
</tr>
</tbody>
</table>


Three Italian banks were quite active in Southeastern Europe: “La Banca commerciale italiana”, “Il Credito italiano”, and “Il Banco di Roma”.\textsuperscript{702} “La Banca commerciale italiana” from Milano in its business activities in Yugoslavia held a major participation in “Hrvatska banka” in Zagreb, and in “Dalmatinska eskontna banka” in Zara/Zadar it participated in its affiliations in Spalato/Split and Sebenico/Šibenik. The major business activities of “Dalmatinska eskontna banka” were mortgage credits, which made 27 million of dinars or 77% of all

\textsuperscript{701} All tables on foreign capital in Yugoslav economy are taken from Sergije Dimitrijević’s book *Strani kapital u privredi bivše Jugoslavije*. The author explained in the foreword of the book that his research referred to the situation on the eve of the Second World War, i.e. around 1940.

\textsuperscript{702} Nicola La Marca, *Italia e Balcani fra le due guerre: saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre*, 15.
approved loans of the bank. Also, “La Banca commerciale italiana” held a share in “Jugoslovenska udružena banka”, and through “Il Banco ungaro italiano” from Budapest it participated in “Opšta privredna banka” in Subotica. “La Banca unione di credito” had a share in “Zemaljska banka za Bosnu i Hercegovinu” in Sarajevo. “Feltrinelli & Co.” in Milano invested a certain capital in this bank. “La Banca commerciale triestina” from Trieste was also engaged in “Jugoslovenska udružena banka”, while “La Banca dalmata di sconto” in Zara/Zadar was actually an affiliate of “Nazionale di credito” in Milano, and it had offices in Spalato/Split, Sebenico/Šibenik and Ragusa/Dubrovnik. In Dalmatia, where Italian influence was the strongest, there was also “Splitska trgovačka banka”, founded in 1883, and owned by local Italians. Essentially, it was domestic, Yugoslav capital, but in the Italian business sphere. Also, there was an initiative regarding “L’Istituto bancario italiano” in Skopje, where only five banks existed.

Foreign loans were of great importance for Yugoslavia, and the stability of the dinar depended on foreign support. The administrative center of “La Banca d’Italia” had a list of Italian creditors and Yugoslav debtors in late November 1937, as well as the amount of money granted as loans. According to the list, the greatest Italian creditor in Yugoslavia was “Società italiana di riassicurazione consorziale” in Milano, and the most indebted bank was “Hrvatska banka” in Zagreb. Unfortunately, the document does not state if those were loans granted in 1937, or unpaid debts from a previous period.

---

703 Vladimir Rozenberg, Inostrani kapital u jugoslovenskoj privredi u bankarstvu, industriji, trgovini, transportu, osiguranju i ostalim granama privredne delatnosti, Beograd 1937, 12.
704 Ibid, 23.
705 AJ, 76, 79–150.
706 Ivo Belin, Italo-jugoslovenski privredni odnosi, 254.
707 Vladimir Rozenberg, Inostrani kapital u jugoslovenskoj privredi u bankarstvu, industriji, trgovini, transportu, osiguranju i ostalim granama privredne delatnosti, 23.
708 ASDMAE, AC, p. 28–39.
709 ACS, INCE–UA, b. 136.
Table 87: Italian creditors and Yugoslav debtors in Yugoslavia in 1937

<table>
<thead>
<tr>
<th>Italian creditor</th>
<th>Amount</th>
<th>Yugoslav debtor</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Società italiana di riassicurazione consorziale”, Milano</td>
<td>314,000 dinars</td>
<td>“Hrvatska banka”, Zagreb</td>
</tr>
<tr>
<td>“Ditta Blasi Luigi &amp; Co”, Taranto</td>
<td>2,229 dinars</td>
<td>“Hrvatska banka”, Zagreb</td>
</tr>
<tr>
<td>“Società An. il fabbricone”, Prato</td>
<td>1,894 dinars</td>
<td>“Jadransko-podunavska banka”, Belgrade</td>
</tr>
<tr>
<td>Carolina Agostinelli Moratti, Venezia</td>
<td>1,095 dinars</td>
<td>“Hrvatska banka”, Zagreb</td>
</tr>
</tbody>
</table>

Out of the 31 insurance companies, 19 participated with foreign capital. The role of foreign capital in insurance companies was noticeable owing to the system of reinsurance, and foreign capital in this field tended to exclude domestic companies from participating in principal capital. There were two reasons for this: 1. Significant profit for shareholders, and 2. Mobilization of domestic capital was carried out through charging the prices, with which domestic capital did not share in profit.\(^{710}\) Actually, insurance was a great opportunity for profit to foreign investors, because principal capital was lower than working capital, which originated from domestic consumers.\(^{711}\) The leading position in the Yugoslav insurance sector was from German and Italian capital, as shown in the table below.

---

\(^{710}\) Sergije Dimitrijević, *Strani kapital u privredi bivše Jugoslavije*, 27.  
\(^{711}\) Ibid, 29.
Table 88: Foreign capital in Yugoslav insurance companies on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (including Austria)</td>
<td>8</td>
<td>33,0%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>4</td>
<td><strong>30,1%</strong></td>
</tr>
<tr>
<td>France</td>
<td>5</td>
<td>15,1%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>2</td>
<td>9,7%</td>
</tr>
<tr>
<td>Hungary</td>
<td>3</td>
<td>3,3%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>2</td>
<td>3,3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2</td>
<td>3,3%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1</td>
<td>1,7%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>0,5%</td>
</tr>
<tr>
<td><strong>In Total</strong></td>
<td>19</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


One of the most important Italian companies was “Assicurazioni Generali” from Rome, founded in the first half of the 20th century in Trieste, when it belonged to the Austro-Hungarian Empire. “Assicurazioni Generali” had its affiliate in Yugoslavia, but it also owned the Yugoslav company “Sava” in Zagreb. In 1925, they asked for permission to establish another affiliate in Ljubljana. Their chief representative in Yugoslavia was Spiro Subotić and they had five million dinars, as principal capital.\(^{712}\) Another Italian company with significant participation in the Yugoslav insurance sector was “Riunione adriatica di sicurità”, also founded in the first half of the 20th century in Trieste. “RAS” had direct participation in “Jadransko osiguravajuće društvo”, as its affiliate, but it also participated in “Rosija Fonsier”, “Rosija Pešta” and in “International”.\(^ {713}\)

Oil refining and its market in Yugoslavia were mostly in the hands of two world giants: the American “Standard Oil” and British-Dutch “Shell”. However, “Jugopetrol”, with German capital, also played a

---

\(^ {712}\) AJ, 65, 1576–2593.

\(^ {713}\) Sergije Dimitrijević, *Strani kapital u privredi bivše Jugoslavije*, 31–32.
significant role in this branch, while the domestic capital was totally excluded.714

Table 89: Foreign capital in the Yugoslav oil industry on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A.</td>
<td>3</td>
<td>51.7%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>2</td>
<td>31.0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
<td>7.1%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>1</td>
<td>7.0%</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
<td>1.8%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1</td>
<td>1.4%</td>
</tr>
<tr>
<td>In Total</td>
<td>8</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sergije Dimitrijević, *Strani kapital u privredi bivše Jugoslavije*, 45.

The only Italian representative in this field, “Aquili S.A. Teccnico Industriale”, was forbidden to participate in the Yugoslav oil industry in 1939.715

Foreign capital had a strong presence in the Yugoslav mining industry and Yugoslavia was an important source of raw materials. But, the participation of Italy, compared with other Western countries, was relatively low.

714 Ibid, 46.
715 Ibid, 48.
Table 90: Foreign capital in Yugoslav mining industry on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>15</td>
<td>44.7%</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>23.7%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>22</td>
<td>14.5%</td>
</tr>
<tr>
<td>Belgium</td>
<td>5</td>
<td>5.7%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>12</td>
<td>3.8%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>2</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td><strong>5</strong></td>
<td><strong>1.6%</strong></td>
</tr>
<tr>
<td>Hungary</td>
<td>2</td>
<td>1.5%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>4</td>
<td>0.9%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>In Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


Italian capital held an important position in “Monte Promina” in Dalmatia. The company was founded in 1873 in Torino, as “Società carbonifera austro-italiana di Monte Promina”, and in 1903 its seat was moved from Torino to Trieste. In 1920, they changed the name of company to “Società commercio carboni Monte Promina” and it continued its activities only with Italian capital. They exploited rich layers of coal in the mountain of Promina near Drniš in Northern Dalmatia, where they owned two coal-pits: Siverić and Velušić. Their principal capital was estimated at approximately 20 million liras. Except these two main coal-pits, they also possessed 27 ore deposits, 800 employees, and annually produced around 200,000 tons of ore.\(^{716}\)

However, in 1928 and 1929, there were several initiatives to limit Italian capital in Dalmatia, including the possible nationalization of “Monte Promina”.\(^{717}\)

\(^{716}\)AJ, 65, 1793–2936.

\(^{717}\)AJ, 65, 1794–2937.
in Spalato/Split, wrote to Yugoslav King Aleksandar I Karadžorđević and to the Yugoslav Government in March 1928, suggesting not to allow Italians to possess significant economic positions in Dalmatia, due to the danger of following political influence. A proposal of the Yugoslav Government to allow “Monte Promina” eventually a period of 4-5 years to move their headquarters from Italy to Yugoslavia was unacceptable for Perović. His opinion was that “Monte Promina” was one of the keys for economic prosperity in Dalmatia, and needed to be nationalized by the Yugoslav Government. The nationalization of “Monte Promina”, as well as all other private companies, regardless of domestic or foreign capital, took place in Yugoslavia after the Second World War.

The textile industry in Yugoslavia was mostly developed after the First World War. The Italian capital covered only 5% of all foreign capital in this branch.

Table 91: Foreign capital in the Yugoslav textile industry on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (including Austria)</td>
<td>20</td>
<td>33,5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7</td>
<td>15,7%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>4</td>
<td>11,5%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>4</td>
<td>10,7%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>6</td>
<td>9,4%</td>
</tr>
<tr>
<td>Italy</td>
<td>9</td>
<td>5,0%</td>
</tr>
<tr>
<td>France</td>
<td>3</td>
<td>1,9%</td>
</tr>
<tr>
<td>Hungary</td>
<td>5</td>
<td>0,7%</td>
</tr>
<tr>
<td>Various</td>
<td>9</td>
<td>11,5%</td>
</tr>
<tr>
<td>In Total</td>
<td>52</td>
<td>100%</td>
</tr>
</tbody>
</table>


718 AJ, 335, 21–3.
719 AJ, 74, 1–1.
The most significant Italian participation in the textile industry was the ownership of over half of the “Živojin Vukojčić” company in Zemun near Belgrade.\textsuperscript{720} Italian investor was “Lanificio Faudella e Simone Rivetti” from Biella.\textsuperscript{721} Italian capital was also invested in several companies in the Slovene provinces.

The agricultural industry was one of the most developed industrial branches in Yugoslavia (1918–1941), and with 1,374 companies, it ranked in the first place. Among foreign countries, Czechoslovakia held the leading position in this field, while presence of the Italian capital was quite low.

Table 92: Foreign capital in the Yugoslav agricultural industry eve of on the the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechoslovakia</td>
<td>14</td>
<td>35,8%</td>
</tr>
<tr>
<td>Hungary</td>
<td>15</td>
<td>22,1%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7</td>
<td>15,3%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>20</td>
<td>14,1%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>5</td>
<td>8,9%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>4</td>
<td>2,4%</td>
</tr>
<tr>
<td>France</td>
<td>5</td>
<td>1,1%</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
<td>0,2%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>0,1%</td>
</tr>
<tr>
<td>In Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>


Yugoslavia was one of the richest European countries in the wood and wooden industry, where foreign capital also found its place, including the Italian third place.

\textsuperscript{720} Sergije Dimitrijević, \textit{Strani kapital u privredi bivše Jugoslavije}, 92.
\textsuperscript{721} AJ, 76, 79–150.
Table 93: Foreign capital in the Yugoslav wooden and paper industry on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>17</td>
<td>50,5%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>10</td>
<td>20,2%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td><strong>4</strong></td>
<td><strong>7,1%</strong></td>
</tr>
<tr>
<td>Great Britain</td>
<td>4</td>
<td>6,7%</td>
</tr>
<tr>
<td>France</td>
<td>7</td>
<td>6,1%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>3</td>
<td>2,8%</td>
</tr>
<tr>
<td>Hungary</td>
<td>4</td>
<td>2,3%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1</td>
<td>2,0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
<td>1,8%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>0,7%</td>
</tr>
<tr>
<td><strong>In Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Sergije Dimitrijević, *Strani kapital u privredi bivše Jugoslavije*, 118.

The most important presence of the Italian capital in this branch of the Yugoslav economy was from “Ugar” in Turbe near Travnik, in central Bosnia. Total capital of this company was estimated at approximately 30 million dinars, and their main financial partner was “La Banca commerciale italiana”. Furthermore, around 50% of “Butazzoni e Venturini” or 2,5 million dinars, was in Italian hands. Butazzoni was an Italian who moved to Bosnia in 1880, while Venturini was from Makarska, in central Dalmatia, but with Yugoslav citizenship. Their headquarters was in Sarajevo, where they also operated a furniture factory. “Giuseppe Feltrinelli & Co.” with a headquarters in Milano operated in the Bosnian wooden industry with 30–40 million dinars of investments, with the financial support of “Il Banco di Roma”. “Fratelli Pansini” from Molfetta had a saw mill in Donji Vakuf, but they also

---

722 Ibid.
bought construction timber from other saw mills in Bosnia.\textsuperscript{725}

As for the wood and wooden industry, it should be noted that Italy imported far more from Yugoslavia, than it was participating with its capital in Yugoslav companies in this field. It means that international trusts monopolized Italian market or that Italy imported wood from Yugoslav companies owned by the Yugoslav Government.

In Yugoslav industry of leather and shoes, foreign investors were mostly interested in buying livestock, which leather would be used for industrial purposes. In this field, Czechoslovakia and Switzerland were totally dominant, but Italy also found its place, unlike most other countries.

Table 94: Foreign capital in the Yugoslav industry of leather and shoes on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechoslovakia</td>
<td>6</td>
<td>60,4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2</td>
<td>38,6%</td>
</tr>
<tr>
<td>Italy</td>
<td>2</td>
<td>0,7%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>0,3%</td>
</tr>
<tr>
<td>In Total</td>
<td>12</td>
<td>100%</td>
</tr>
</tbody>
</table>


In the Yugoslav construction industry, foreign capital was interested in the production of two basic materials: cement and glass.

\textsuperscript{725} Ibid.
Table 95: Foreign capital in the Yugoslav industry of construction material on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>3</td>
<td>30,7%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4</td>
<td>29,5%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1</td>
<td>17,3%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>2</td>
<td>10,4%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td><strong>3</strong></td>
<td><strong>5,2%</strong></td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>4</td>
<td>3,0%</td>
</tr>
<tr>
<td>Belgium</td>
<td>3</td>
<td>2,3%</td>
</tr>
<tr>
<td>Hungary</td>
<td>1</td>
<td>0,8%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>0,8%</td>
</tr>
<tr>
<td><strong>In Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


The participation of the foreign capital in Yugoslav cement industry, as the most important material in the construction industry, was quite high, and it was estimated at 228.2 million dinars of which 60 million came from Italian capital. It is also interesting to notice that in 1937, the annual consumption of cement per capita was the highest in Germany (210 kg), than in Italy (145 kg), Czechoslovakia (92 kg) etc, while in Yugoslavia it was only 24 kg per person.

In the Yugoslav cement industry, “Società Zamboni e Stock” started its business in 1904 with Italian and Austrian capital. “Adria Portland – Società anonima del cemento portland dell’Adriatico” was mainly comprised of Italian capital. Its major headquarters was in Rome and administrative center in Bergamo, while their operational center in Yugoslavia was in Salona/Solin. They had capital valued at

---

727 Ibid, 144.
approximately five million liras\textsuperscript{729} and they participated with 5,5 million dinars in “Split A.D.”\textsuperscript{730} However, “Adria Portland”, as one of the most important Italian economic pillars in Yugoslavia, also faced problems, due to the Yugoslav intention to diminish its significance. Thus, in late October 1924, the Consulate General in Spalato/Split sent a letter to the Ministry of Foreign Affairs in Rome, which questioned the future activities of “Adria Portland”. They had two options: to continue with their business or to leave a majority of capital to the Yugoslavs.\textsuperscript{731} The Italian envoy in Belgrade, Bodrero, informed Rome in July 1926 that “Adria Portland” marked their products as “Made in Italy” or “Made in Dalmatia”, prompting Yugoslav authorities to protest.\textsuperscript{732}

Two Italian steamboats “Sileno” and “Stella” with loads of cement were prevented from sailing out of the port of Spalato/Split on the 27\textsuperscript{th} of November 1935 on their way to Nassau. However, Yugoslav authorities did not stop them because of ongoing sanctions against Italy, but on the request of “Italcementi”, which demanded payments for their cement valued at 1.080.000 dinars through “La Banca d’Italia” in Bergamo. The steamship “Sileno” managed to pay it off and was allowed to sail on the 17\textsuperscript{th} of December 1935, while “Stella” remained in Spalato/Split for a short time.\textsuperscript{733}

“Italcementi” from Bergamo, the owner of “Adria Portland”, intended to sell it in May 1937, due to financial reasons. Romitti, the chief executive officer of “Italcementi”, explained that his company would invest the profits from selling in some more opportunistic business in Yugoslavia, probably in any number of Yugoslav mines. In June 1937, two interested buyers appeared, “Singer” from Austria and “Marino Ferić” from Yugoslavia. Bearing in mind that “Adria Portland” was significant for Italian economic and political interests in Dalmatia, Rome was not looking forward to the idea of selling. The company annually produced 25.000 wagons of cement with a capital valued at 4,5 million liras, but the question of selling was not only financial. The

\textsuperscript{729} ASDMAE, AC, p. 28–21.
\textsuperscript{730} Sergije Dimitrijević, Strani kapital u privredi bivše Jugoslavije, 139–140.
\textsuperscript{731} ASDMAE, AC, p. 28–21.
\textsuperscript{732} ASDMAE, AC, p. 31–1.
\textsuperscript{733} ACS, MMM – DGPAG, b. 5, ao/6.
intention to sell it was not yet realized in April 1939.\textsuperscript{734}

The Italians also held a very strong position in “Dalmacija” from Kaštel Šućurac, where the main stockholder was “Com. Ettore Modiano” from Bologna, with 6,5 million dinars. In early April 1941, just a few days before the war between Yugoslavia and Italy, “Dalmacija” was indebted to “S. Modiano” in Trieste, “La Banca nazionale del lavoro” in Trieste, and “La Banca di credito generale” in Bologna, which also advocated strong Italian presence in this company.\textsuperscript{735}

Italian capital was also present in Yugoslav transport, but less than the one would expect, bearing in mind Italian domination on the Adriatic Sea.

\begin{table}
\centering
\begin{tabular}{|l|c|c|}
\hline
\textbf{Country} & \textbf{Participation in a number of companies} & \textbf{Participation of total foreign capital in this branch} \\
\hline
Great Britain & 15 & 63,1\% \\
\hline
Belgium & 1 & 17,1\% \\
\hline
Hungary & 3 & 7,7\% \\
\hline
Italy & 1 & 5,8\% \\
\hline
Germany (including Austria) & 9 & 4,3\% \\
\hline
France & 1 & 1,4\% \\
\hline
Various & 2 & 0,6\% \\
\hline
In Total & 30 & 100\% \\
\hline
\end{tabular}
\caption{Foreign capital in Yugoslav transport on the eve of the Second World War (around 1940)}
\end{table}

Sergije Dimitrijević, \textit{Strani kapital u privredi bivše Jugoslavije}, 150.

Italian capital was invested in “Barsko društvo A.D.”, which also had concessions on the railroad between Antivari/Bar and Virpazar,\textsuperscript{736} and Italians owned 12,8 km of railroad in Northern Dalmatia.\textsuperscript{737} Additionally, Italians held a capital valued at approximately 20

\begin{thebibliography}{99}
\bibitem{734} ASDMAE, DGAC, p. 4, s. 8.
\bibitem{735} Sergije Dimitrijević, \textit{Strani kapital u privredi bivše Jugoslavije}, 139–140.
\bibitem{736} Ibid, 149.
\bibitem{737} AJ, 65, 1793–2936.
\end{thebibliography}
million dinars in “Oceanica – brodarsko A.D.” in Sussak/Sušak.\textsuperscript{738} It is noteworthy that the Italian air company “Ala Littoria” was one of the foreign companies that carried out air transport to Yugoslavia.\textsuperscript{739}

Foreign capital was widely present in Yugoslav trading companies, of great profit, but the presence of Italian capital here was low.

Table 97: Foreign capital in Yugoslav trading companies on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in this branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (including Austria)</td>
<td>31</td>
<td>38,8%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>10</td>
<td>18,5%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>11</td>
<td>16,1%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>6</td>
<td>6,7%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4</td>
<td>3,2%</td>
</tr>
<tr>
<td>Sweden</td>
<td>5</td>
<td>2,9%</td>
</tr>
<tr>
<td>France</td>
<td>4</td>
<td>2,4%</td>
</tr>
<tr>
<td>Hungary</td>
<td>9</td>
<td>2,1%</td>
</tr>
<tr>
<td>Italy</td>
<td>5</td>
<td>1,7%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>6</td>
<td>1,6%</td>
</tr>
<tr>
<td>Belgium</td>
<td>1</td>
<td>0,5%</td>
</tr>
<tr>
<td>Various</td>
<td>4</td>
<td>5,5%</td>
</tr>
<tr>
<td>In Total</td>
<td>86</td>
<td>100%</td>
</tr>
</tbody>
</table>


It is important to highlight that, on the eve of the Second World War, when the major analyses on Italian capital were conducted, which main scholarly work on that topic after the war was based upon, Italian capital did not participate at all in several branches of the Yugoslav economy, such as: the electrical power industry, the metal and engine

\textsuperscript{738} AJ, 76, 79–150.
industry, and the chemical industry. However, it certainly should be mentioned that Italian capital withdrew from “Kranjska industrijska družina” in 1929, the largest Yugoslav metallurgic company.\textsuperscript{740}

Also, in the Yugoslav electrical power industry “Società per l’utilizzazione delle forze idraulice della Dalmazia” (“SUFID”) played a significant role, a company founded in 1902 that started its activities in Dalmatia in 1904. It held capital valued at 14 million crowns.\textsuperscript{741} Its headquarters was moved from Trieste to Vienna in 1916, but it was brought back to Trieste in 1919. They had three electric power stations in Dalmatia, two on the Krka river (Jaruga and Manojlovac, both with 31,000 horse power) and one on the Cetina river (Kraljevac, with 80,000 horse power). “SUFID” also owned two factories for carbide production, in Dugi Rat near Almissa/Omiš and in Crnica near Sebenico/Šibenik, where they produced approximately 60,000 tons of carbide annually. “SUFID” employed several thousand people.\textsuperscript{742}

“SUFID” suffered damage in November 1918, when 122 wagons of power-generating fuel were confiscated by the Dalmatian Government, and “SUFID” was never reimbursed. They complained to the Yugoslav Government, but instead of compensation, the local Dalmatian authorities asked for additional 30 wagons, for which “SUFID” went underpaid. In June 1920, they complained to Italian authorities in Rome, regarding the hostile attitudes of the local Dalmatian authorities and state authorities from Belgrade, as well. Additionally, they did not protect the property of “SUFID” in Dugi Rat, which was plundered.\textsuperscript{743}

In spring 1926, “Il Banco di Roma” approved a loan of 60 million liras to “SUFID”, for expanding production capacities. However, the main financier of “SUFID” was “Terni – Società per le industrie e l’elettricità”. They managed to overtake the loan of “Il Banco di Roma” and to put “SUFID” in their dependence, which additionally strengthened the position of Italian capital in Dalmatia.\textsuperscript{744}

However, the legal position of “SUFID” remained unclear. They considered themselves an Italian company, while Yugoslav authorities

\textsuperscript{740} Ivo Belin, \textit{Italo-jugoslovenski privredni odnosi}, 255.
\textsuperscript{741} AJ, 65, 243–736.
\textsuperscript{742} AJ, 65, 1793–2936.
\textsuperscript{743} ASDMAE, AC, b. 167, p. 23–6.
\textsuperscript{744} AJ, 65, 1793–2936.
insisted that the company was of the former Austria-Hungary. Also, “SUFID” rejected pressure of Yugoslav authorities to move its headquarters from Trieste to Yugoslavia. Those disputes triggered severe problems and the Yugoslav Government endeavored to eliminate Italian capital from there. Thus, being unable to receive additional concessions from the Yugoslav Government, in April 1929 the Italians sold “SUFID” to the French company “Phosphates tunisiens”, and its name was changed to “SEFIED”. The French company received a 50-year long concession contract on the Krka and the Cetina rivers. “SEFIED” held capital valued at 125 million francs. Yugoslav endeavors to eliminate the Italian capital from one of the most prominent Italian companies in Yugoslavia succeeded.745 Later, the Yugoslav Government repurchased concessions given to the French company for 180 million dinars.746

As for other branches, which were not listed above in separate tables, the participation of Italian capital is stated in the table below.

Table 98: Foreign capital in other branches of the Yugoslav economy on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in other branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>2</td>
<td>30,8%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>2</td>
<td>22,6%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1</td>
<td>20,0%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>5</td>
<td>13,0%</td>
</tr>
<tr>
<td>Italy</td>
<td>2</td>
<td>5,2%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>1</td>
<td>3,8%</td>
</tr>
<tr>
<td>Various</td>
<td>1</td>
<td>4,5%</td>
</tr>
<tr>
<td>In Total</td>
<td>13</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sergije Dimitrijević, *Strani kapital u privredi bivše Jugoslavije*, 158.

In the Spalato/Split can factory “Itak”, the value of Italian capital was estimated at 1,250,000 dinars.747

745 Ibid.
746 ASDMAE, DGAC, p. 4, s. 8.
747 AJ, 76, 79–150.
Observing a summary overview of the participation of Italian capital in the Yugoslav economy, it can be noticed that it ranked ninth among countries which invested their capital in Yugoslavia, with only 2,7% of total foreign capital investments. However, Italy was seventh regarding participation in a number of companies.

Table 99: Foreign capital in the Yugoslav economy on the eve of the Second World War (around 1940)
- A general overview -

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation in a number of companies</th>
<th>Participation of total foreign capital in the Yugoslav economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>65</td>
<td>19,4%</td>
</tr>
<tr>
<td>France</td>
<td>51</td>
<td>17,5%</td>
</tr>
<tr>
<td>Germany (including Austria)</td>
<td>187</td>
<td>15,3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>76</td>
<td>12,4%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>40</td>
<td>10,0%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>88</td>
<td>9,9%</td>
</tr>
<tr>
<td>Hungary</td>
<td>81</td>
<td>4,2%</td>
</tr>
<tr>
<td>Belgium</td>
<td>17</td>
<td>3,6%</td>
</tr>
<tr>
<td>Italy</td>
<td>48</td>
<td>2,7%</td>
</tr>
<tr>
<td>Sweden</td>
<td>23</td>
<td>2,5%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>15</td>
<td>1,9%</td>
</tr>
<tr>
<td>Various</td>
<td>35</td>
<td>1,6%</td>
</tr>
<tr>
<td>In Total</td>
<td>520</td>
<td>100%</td>
</tr>
</tbody>
</table>


In November 1938, Italian representatives in Belgrade estimated total foreign capital invested in Yugoslavia at five billion and 800 million dinars.748

According to another document, not dated, participation of Italian capital in share capital in the Yugoslav economy was 73 million dinars or 3,34% of all foreign capital, while participation in all credits (banking

748 ASDMAE, DGAC, p. 4, s. 1.
and finance) was 318 million dinars or 12.59% of all foreign capital. Taken in all, participation of Italian capital in the Yugoslav economy was 392 million dinars or 8.30% of all foreign capital.\textsuperscript{749} This means that Italian capital was more engaged in credits, than in share capital.

It can also be noted that Italian capital was deployed in almost all branches of the Yugoslav economy. However, taking into account its overall participation (100%) in the Yugoslav economy, one can see where Italians were most interested to invest.

Table 100: Participation of Italian capital in the Yugoslav economy (by branches) on the eve of the Second World War (around 1940)

<table>
<thead>
<tr>
<th>Branch of the Yugoslav economy</th>
<th>% of total Italian capital invested in the Yugoslav economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>20.8%</td>
</tr>
<tr>
<td>Textile industry</td>
<td>16.1%</td>
</tr>
<tr>
<td>Mining industry</td>
<td>14.6%</td>
</tr>
<tr>
<td>Insurance</td>
<td>13.1%</td>
</tr>
<tr>
<td>Wooden industry</td>
<td>10.0%</td>
</tr>
<tr>
<td>Transport</td>
<td>9.6%</td>
</tr>
<tr>
<td>Oil industry</td>
<td>5.9%</td>
</tr>
<tr>
<td>Industry of construction material</td>
<td>5.8%</td>
</tr>
<tr>
<td>Various</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Sergije Dimitrijević, \textit{Strani kapital u privredi bivše Jugoslavije}, 189.

* 

Foreign capital in the Yugoslav economy contributed to the faster industrialization of the country, but at the same time foreign capital did not contribute to the development of economic branches in which it was not interested. The exact participation and distribution of the foreign capital in the Yugoslav economy cannot be accurately estimated, but pre-war analyses, as well as the main post-war research, provided an approximate data.

\textsuperscript{749} AJ, 37, 38–267.
Foreign capital in Yugoslavia was mostly financial capital. The Italians invested their capital through banks and insurance companies. The insurance business was based on client confidence, and damages claims were carried out from clients themselves. The highest participation of Italian capital in total foreign capital was in insurance companies (30.1%). Unstable political relations between Italy and Yugoslavia were also the reason why Italians were interested in investing in banking and insurance business, where principal capital was lower than working capital, and where the money could be easily withdrawn in case of war. Italian capital in the Yugoslav economy was more engaged in credits, than in shared capital.

Aside from banks and insurance companies, Italian capital in Yugoslavia was engaged in the cement industry, mining industry, and electrical power industry in Dalmatia, the wooden industry in Bosnia, and in railroads in Dalmatia and Montenegro. It would be hard to estimate where Italians gained the largest profits, but it seems that it was cement factories in Dalmatia. That was certainly one of the reasons why Yugoslav authorities pressured Italian capital, particularly in Dalmatia, in order to push back the Italian influence. Also, a fear that economic penetration would be followed by political and military penetration was also present in Belgrade. However, it would be misleading to believe that Italians were not interested in investing in the Yugoslav oil industry, mining industry, chemical industry etc., where its presence remained low (of total foreign capital) or where it was not at all present. Yugoslav authorities, under wide French influence, were not eager to let Italian capital penetrate the Yugoslav economy. That is why “SUFID”, one of the pillars of Italian capital, was transferred to French capital. Although Italy was a serious opponent of Yugoslavia, it was also an economic partner as well. Such pressures would deteriorate economic relations in general, particularly the trade exchange, which was not in the Yugoslav interest.

According to the main research on foreign capital in the Yugoslav economy from 1918 to 1941, on the eve of the Second World War (around 1940), Italian capital accounted for only 2.7% of overall foreign capital. But, Italian capital was deployed in almost all branches of the Yugoslav economy. However, in the second half of the 1930s, Italian capital was
pushed back by competition, because it was not able to make additional investments, mostly due to war preparations. This caused stagnation in the activities of Italian capital in Yugoslavia.

After the Second World War, banks, companies, mines etc., where Italian capital was present or even dominant, shared the same destiny as private capital from all other countries, including domestic private initiatives – they were nationalized. Thus, Socialist Yugoslavia became the owner of all banks, companies, mines etc., whose owners or concessionaires prior to 1941 were Italians.
General Conclusions

1. Yugoslav-Italian economic relations (1918–1941) were determined by the historical background of these countries, their economic structures, geographic position, conditions of transport, and partially by the development of political relations in Europe. It is particularly important to note that economic structures of Italy and Yugoslavia were different, which was a crucial precondition for the successful trade between them. What Yugoslavia needed – Italy had and exported, what Italy lacked – it imported from Yugoslavia. A great Italian dependence on imports of wood, grain (cereal), livestock and meat clearly shows the significance of the trade exchange with Yugoslavia. On the other hand, Yugoslavia was a great customer of textile and textile products, the main Italian exporting merchandise. Therefore, the structure of Italian exports and imports, and Yugoslav imports and exports, was of crucial importance for their trade exchange, as the most significant component of economic relations between the two countries. That certainly contributed to their mutual interests and complementary economic systems were the essential precondition for the development of economic relations, most of all through the exchange of goods.

2. Yugoslav-Italian economic relations started to develop immediately after the First World War. Liberal foreign trade policy, with little prohibitions and restrictions, influenced a faster growth of the trade exchange. Some economic questions were treated in political agreements signed between the two countries after the war, but the first economic agreement on trade and navigation between Yugoslavia and Italy was signed in 1924, which was an additional impetus to their economic relations. They agreed that there would be full and complete freedom of commerce and navigation between them. Several stipulations of this agreement changed by additional agreements from the 1930s, as well as by decisions of the Yugoslav-Italian Permanent Economic Committee, through which economic relations between the two countries were regulated (1937–1941). However, the agreement from 1924 remained the legal basis on which these relations were maintained during most of the period until 1941.

3. Yugoslav-Italian trade exchange, as the most important component of Yugoslav-Italian economic relations (1918–1941), peaked
in the mid-1920s. However, multiple increase of the trade exchange after the First World War was also a consequence of a low starting point. Actually, there were three primary periods in Yugoslav-Italian economic relations (1918–1941). The first one started immediately after the war and lasted until the beginning of the Great Economic Crisis (1918–1929). However, even in this period, the first half of 1920s and the second half of the 1920s could be differentiated. The first half (up to 1926) was characterized by a significant amount and value of the turnover, while in the second half the trade exchange diminished. In the second half the turnover was still on a high level, but in comparison with the first half, a decrease was evident. The second period lasted during the crisis (1929–1933) and it was characterized by an additional decrease of trade. The last period (1933–1941) could be divided into three sub-periods. The first (1933–1935) was characterized by efforts to renew the trade exchange, which suffered during the crisis, and by the German economic breakthrough in Southeastern Europe, which would seriously affect Yugoslav-Italian economic relations. The second (1935–1936) was characterized by the almost complete termination of trade between the two countries, due to Yugoslavia’s participation in economic sanctions against Italy. Finally, in the third (1936–1941) Italy unsuccessfully attempted to regain its economic positions in Yugoslavia, where Germany overtook it.

4. An additional reason for the very advantageous economic relations between Italy and Yugoslavia during a time when political relations were not splendid, should be noticed in the fact that France, as the main Yugoslav ally and protector, remained uninterested in imports from Yugoslavia, having quite enough for the needs of its own population, which Yugoslavia could supply. Germany was also uninterested in Yugoslav exports in the 1920s, and it would appear as a new economic power in Southeastern Europe in the 1930s, while Great Britain had enough supplies from its colonies. Thus, Italy remained, not only due to its favorable geographic position, but also due to the structure of its economy.

5. During the 1920s Yugoslav-Italian economic relations remained at a high level, especially in the first half of the 1920s (up to 1926), which was “the golden age” of economic relations between these countries during the period from 1918 to 1941. While political relations in the
first half of 1920s were tense, economic relations (the trade exchange) flourished, but when political relations relaxed, economic relations experienced a slowdown. This contradiction was one of the specificities of Yugoslav-Italian economic relations (1918–1941). However political relations were tense, businessmen from both shores of the Adriatic Sea managed to agree upon the mutual economic interest. Still, there were some political influences on economic relations. Due to political reasons, Yugoslavia decided to participate in sanctions against Italy, which temporary crashed economic relations between the two countries and in a longer term worsened economic relations between them.

6. Italy was one of the most significant buyers of Yugoslav products, and in the same time one of the most important exporters to Yugoslavia. However, Yugoslav trade with Italy almost always showed a Yugoslav surplus of exports over imports. Only in 1920, 1921 and 1938, Italy held an active trade balance with Yugoslavia.

Table 101: Yugoslav exports to Italy (1920–1939) at current figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>356</td>
<td>27,0</td>
</tr>
<tr>
<td>1921</td>
<td>576</td>
<td>23,4</td>
</tr>
<tr>
<td>1922</td>
<td>1 035</td>
<td>28,1</td>
</tr>
<tr>
<td>1923</td>
<td>2 307</td>
<td>28,7</td>
</tr>
<tr>
<td>1924</td>
<td>2 757</td>
<td>28,9</td>
</tr>
<tr>
<td>1925</td>
<td>2 249</td>
<td>25,3</td>
</tr>
<tr>
<td>1926</td>
<td>1 960</td>
<td>25,1</td>
</tr>
<tr>
<td>1927</td>
<td>1 590</td>
<td>24,8</td>
</tr>
<tr>
<td>1928</td>
<td>1 680</td>
<td>26,1</td>
</tr>
<tr>
<td>1929</td>
<td>1 971</td>
<td>24,9</td>
</tr>
<tr>
<td>1930</td>
<td>1.919</td>
<td>28,3</td>
</tr>
<tr>
<td>1931</td>
<td>1.199</td>
<td>25,0</td>
</tr>
<tr>
<td>1932</td>
<td>705</td>
<td>23,1</td>
</tr>
<tr>
<td>1933</td>
<td>726</td>
<td>21,5</td>
</tr>
<tr>
<td>1934</td>
<td>798</td>
<td>20,6</td>
</tr>
</tbody>
</table>
Table 102: Yugoslav imports from Italy (1920–1939) at current figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of dinars</th>
<th>% of total imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1 268</td>
<td>36,6</td>
</tr>
<tr>
<td>1921</td>
<td>855</td>
<td>20,7</td>
</tr>
<tr>
<td>1922</td>
<td>985</td>
<td>15,3</td>
</tr>
<tr>
<td>1923</td>
<td>1 470</td>
<td>17,7</td>
</tr>
<tr>
<td>1924</td>
<td>1 688</td>
<td>20,5</td>
</tr>
<tr>
<td>1925</td>
<td>1 644</td>
<td>18,8</td>
</tr>
<tr>
<td>1926</td>
<td>1 054</td>
<td>13,8</td>
</tr>
<tr>
<td>1927</td>
<td>940</td>
<td>12,9</td>
</tr>
<tr>
<td>1928</td>
<td>939</td>
<td>12,0</td>
</tr>
<tr>
<td>1929</td>
<td>823</td>
<td>10,8</td>
</tr>
<tr>
<td>1930</td>
<td>783</td>
<td>11,3</td>
</tr>
<tr>
<td>1931</td>
<td>494</td>
<td>10,3</td>
</tr>
<tr>
<td>1932</td>
<td>362</td>
<td>12,7</td>
</tr>
<tr>
<td>1933</td>
<td>459</td>
<td>15,9</td>
</tr>
<tr>
<td>1934</td>
<td>555</td>
<td>15,5</td>
</tr>
<tr>
<td>1935</td>
<td>371</td>
<td>10,0</td>
</tr>
<tr>
<td>1936</td>
<td>102</td>
<td>2,5</td>
</tr>
<tr>
<td>1937</td>
<td>430</td>
<td>8,2</td>
</tr>
<tr>
<td>1938</td>
<td>445</td>
<td>8,9</td>
</tr>
<tr>
<td>1939</td>
<td>557</td>
<td>11,7</td>
</tr>
</tbody>
</table>
Table 103: Yugoslav trade balance with Italy in millions of dinars (1920–1939) at current figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>- 912</td>
</tr>
<tr>
<td>1921</td>
<td>- 279</td>
</tr>
<tr>
<td>1922</td>
<td>+ 50</td>
</tr>
<tr>
<td>1923</td>
<td>+ 837</td>
</tr>
<tr>
<td>1924</td>
<td>+ 1.069</td>
</tr>
<tr>
<td>1925</td>
<td>+ 605</td>
</tr>
<tr>
<td>1926</td>
<td>+ 906</td>
</tr>
<tr>
<td>1927</td>
<td>+ 650</td>
</tr>
<tr>
<td>1928</td>
<td>+ 741</td>
</tr>
<tr>
<td>1929</td>
<td>+ 1.148</td>
</tr>
<tr>
<td>1930</td>
<td>+ 1.136</td>
</tr>
<tr>
<td>1931</td>
<td>+ 705</td>
</tr>
<tr>
<td>1932</td>
<td>+ 343</td>
</tr>
<tr>
<td>1933</td>
<td>+ 267</td>
</tr>
<tr>
<td>1934</td>
<td>+ 243</td>
</tr>
<tr>
<td>1935</td>
<td>+ 301</td>
</tr>
<tr>
<td>1936</td>
<td>+ 35</td>
</tr>
<tr>
<td>1937</td>
<td>+ 157</td>
</tr>
<tr>
<td>1938</td>
<td>- 121</td>
</tr>
<tr>
<td>1939</td>
<td>+ 27</td>
</tr>
</tbody>
</table>

Table 104: Yugoslav exports to Italy and imports from Italy, and the trade balance in millions of dinars (1920–1938) at constant 1920 prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports (millions of dinars)</th>
<th>Imports (millions of dinars)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>356</td>
<td>1.268</td>
<td>- 912</td>
</tr>
<tr>
<td>1921</td>
<td>652</td>
<td>967</td>
<td>- 315</td>
</tr>
<tr>
<td>1922</td>
<td>857</td>
<td>816</td>
<td>+ 41</td>
</tr>
<tr>
<td>1923</td>
<td>1.372</td>
<td>875</td>
<td>+ 497</td>
</tr>
</tbody>
</table>
7. The most important Yugoslav merchandises exported to Italy were: wood and wooden products, grain (cereal), livestock, meat and meat products, as well as eggs. This kind of structure of exports was determined by the agrarian character of the Yugoslav economy and its tremendous richness in forests, as well as by the Italian lack of these goods. A variety of merchandise imported to Yugoslavia from Italy was evident, due to the lack of practically all types of goods on the Yugoslav market, especially in the early 1920s. However, cotton and cotton products, wool and woolen products, hemp, flax, and their products, as well as rice were the most important goods imported from Italy to Yugoslavia.

8. The exchange rate between the dinar and lira changed during the period (1920–1940) and it influenced the trade between the two countries. A strong lira (1933–1935) diminished Yugoslav imports from Italy, but a depreciation of the lira since 1936 made dinar overestimated, but caused much less activity in the trade exchange with Italy.

9. Incidents on borders, on the sea and in ports, between Italians and Yugoslavs were one of indicators of the turbulent political relations, because they had a political, rather than an economic background.
Those incidents hit merchant marines and certainly created obstacles to economic relations between two countries, but in general, they had little influence on Yugoslav-Italian traffic, transport and the trade exchange. Yugoslav-Italian economic rivalry on the Adriatic Sea was characterized by Italian domination. Despite the significance of the railway traffic in Yugoslav-Italian economic relations, the conditions of its use in Yugoslavia were not always favorable. The city of Trieste held a special place in Yugoslav-Italian economic relations. Thanks to its geographic position, good marine and railroad connections (the Trieste – Vienna railway passed through Yugoslav territory), Trieste acted as a mediator in trade between the Mediterranean and the Central Europe.

10. The presence of Italian capital in the Yugoslav economy (1918–1941) also played a role in Yugoslav-Italian economic relations. On the eve of the Second World War, the highest participation of Italian capital in total foreign capital in Yugoslav economy was in insurance companies (30.1%) and in banks (7.2%). Italian capital participated only with 2.7% in overall foreign capital in the Yugoslav economy. However, competition suppressed Italian capital, as well as Yugoslav authorities, due to political reasons. Therefore, it can be assumed that its participation in the Yugoslav economy, especially during the 1920s, was even higher.
Југословенско-италијански економски односи (1918‒1941): резиме

Југословенско-италијански економски односи (1918‒1941) били су условљени историјским наслеђем ових земаља, њиховом економском структуром, географским положајем, могућностима превоза, као и развојем политичких односа у Европи. Посебно је важно примијетити да су Југославија и Италија имале различиту економску структуру, што је био кључни предуслов за успешну трговинску размјену између њих. Што је требало Југославији – Италија је имала и извозила, што је Италији недостајало – увозила је из Југославије. Велика зависност Италије од увоза дрвета, житарица, стоке и меса, јасно је показивала значај њене трговине са Југославијом. С друге стране, Југославија је била велики купац текстила и текстилних производа, главне робе италијанског извоза. Према томе, структура југословенског увоза и извоза и италијанског извоза и увоза била је од кључног значаја у њиховој међусобној трговинској размјени, као главној компоненти економских односа између ових земаља. Обострани интерес и комплементарност привредних система били су суштински предуслови за развој економских односа, превасходно кроз размјену добара.

Југословенско-италијански економски односи почели су се развијати одмах по окончању Првог свјетског рата. Либерална спољнотрговинска политика, са мало забрана и ограничења, утицала је на брзи раст трговинске размјене. Иако су економске теме нашле своје мјесто у политичким уговорима који су потписани између двију земаља по завршетку рата, први економски споразум, о трговини и пловидби, потписан је 1924. године и био је додатни подстицај југословенско-италијанским економским односима. Представници двију држава споразумјели су се да ће између Југославије и Италије постојати пуна слобода трговине и пловидбе. Неколико одредби овог споразума промијењено је допунским споразумима тридесетих година 20. вијека, као и одлукама Југословенско-италијанског сталног привредног одбора, који је регулисао економске односе између двију држава од 1937. до 1941. године. Ипак, споразум из 1924. године остао је правна основа на којој су се заснивали југословенско-италијански економски односи у већем дијелу периода између два свјетска рата.
Југословенско-италијанска трговинска размјена, као најзначајнији дио економских односа између двију земаља (1918‒1941), достигла је врхунац средином двадесетих година 20. вијека. Међутим, треба имати у виду да је вишеструки пораст трговинске размјене послије Првог свјетског рата био посљедица и ниске полазне основе. У ствари, постојала су три главна периода у југословенско-италијанским економским односима између два свјетска рата. Први период почео је одмах по окончању рата и трајао је до почетка Свјетске економске кризе (1918‒1929). У овом периоду, треба свакако разликовати прву и другу половину двадесетих година 20. вијека. Прву половину, односно период до 1926. године, карактеришу значајан обим и вриједност трговинске размјене, која је смањена у другој половини, односно од 1926. године. Премда је остало на високом нивоу и након 1926, пад трговинске размјене у односу на прву половину деценије, био је очигледан. Други период трајао је за вријеме кризе (1929‒1933) и обилјежен је додатним падом трговинске размјене. У трећем и последњем периоду (1933‒1941), уочљива су три краћа периода. Први (1933‒1935) карактеришу напори да се обнови трговинска размјена, али и њемачки економски продор у Југоисточну Европу, који је озбиљно утицао на југословенско-италијанске економске односе. Други (1935‒1936) обилјежен је готово потпуним престанком трговинске размјене, услед учешћа Југославије у економским санкцијама против Италије. И коначно, током трећег (1936‒1941), Италија је безуспјешно покушавала да врати изгубљене економске позиције у Југославији, које је преузела Њемачка.

Додатни разлог за веома добре економске односе између Југославије и Италије, у вријеме кад политички односи између њих нису били сјајни, треба тражити и у чињеници да је Француска, главни југословенски савезник и заштитник, остала незаинтересована за југословенске производе, посједујући сасвим довољно ресурса и производа, укључујући и оне које је Југославија извозила. Њемачка је, такође, била незаинтересована за југословенску робу током двадесетих година и она се тек тридесетих година 20. вијека појавила као економска сила на југоистоку Европе. Истовремено, Велика Британија снабдијевала се из својих колонија. Тако је остало Италија, што због привредне структуре и географског положаја, што због интереса европских сила.

256
Двадесетих година 20. вијека, југословенско-италијански економски односи били су на високом нивоу, посебно до 1926. године. То је, заиста, било „златно доба” у економским односима између двију држава у периоду између два свјетска рата. Док су политички односи били напети, економски односи су се готово неометано развилјали, а посебно трговинска размјена. Међутим, кад су политички односи упловили у мирније воде, економски односи пали су на нижи ниво. Ова противуречност била је једна од одлика југословенско-италијанских економских односа (1918–1941). Колико год су политичке напетости биле присутне, пословни људи с обе стране Јадранског мора успјевали су да пронађу заједнички интерес. Ипак, политички односи имали су касније одређени утицај на економске односе. Због политичких разлога, Југославија је одлучила да учествује у санкцијама против Италије, што је привремено готово сасвим обуставило, а дугорочно оставило снажне посљедице на југословенско-италијанске економске односе.

Италија је била један од најзначајнијих купаца југословенских производа и истовремено један од најзначајнијих извозника у Југославију. Ипак, југословенска држава, у готово читавом периоду између два свјетска рата, више је извозила у Италију, него што је увозила из ње, што значи да је имала активан трговински биланс са њом. Југославија је само 1920, 1921. и 1938. године имала активан трговински биланс са Југославијом.

Југославија је превасходно извозила у Италију дрво и дрвне производе, житарице, стоку, месо и месне производе, као и јаја. Оваква структура југословенског извоза у Италију била је условљена аграрним карактером југословенске привреде и њеним огромним шумским богатством, као и италијanskim недостатком управо тих ресурса. С друге стране, била је очигледна велика различитост југословенског увоза из Италије, због недостатка готово свих производа на југословенском тржишту, а нарочито почетком двадесетих година 20. вијека. И поред тога, памук и памучни производи, вуна и вунени производи, кућа и лан и њихови производи, као и рижа, најзначајнији су артикли које је Југославија увозила из Италије.

Курс између југословенског динара и италијанске лире мијењао се од 1920. до 1940. године и утицао је на трговину између
двију земаља. Снажна лира (1933‒1935) умањила је југословенски увоз из Италије, али је пад вриједности лире од 1936. године довео до прецијењености динара и до умањена трговинске активности између двију земаља.

Повремени инциденти на границама, на мору и у лукама, били су један од показатеља неријешених односа између Југославије и Италије, мада су чешће имали политички мотив, неголи економске разлоге. Инциденти су погађали трговачке морнарице и стварали одређене препреке у пословању, премда су имали мали утицај на југословенско-италијански саобраћај и робни превоз, а тиме и на трговинску размјену у цјелини. Југословенско-италијанско економско ривалство на Јадранском мору обиљежено је италијанским преимућством. Поред значаја који је жељезнички саобраћај имао у економским односима између двију држава, жељезничка мрежа у Југославији није погодовала бржем и сигурнијем превозу робе. Посебно мјесто у југословенско-италијанским економским односима имао је град Трст, који је захваљујући свом положају, добром поморским и копненим везама, а посебно чињеници да је пруга од Трста до Беча прелазила преко југословенске територије, био важан посредник у трговини између Средоземља и Средње Европе.

Присуство италијанског капитала у југословенској привredni (1918‒1941) такође је имало улогу у југословенско-италијанским економским односима. У предвечерије Другог свјетског рата, највеће учешће италијанског капитала у укупном иностраном капиталу у Југославији било је у осигуравајућим друштвима (30,1%) и банкама (7,2%). Италијански капитал учествовао је само 2,7% у укупном иностраном капиталу у југословенској привredi. Италијански капитал сузбијали су јака конкуренција и југословенске власти, због политичких разлога. Стога се може претпоставити да је његово учешће у југословенској привredi, посебно двадесетих година 20. вијека, било и веће.
I rapporti economici tra la Jugoslavia e l’Italia (1918–1941): riassunto

Le relazioni economiche italo-jugoslave (1918–1941) furono determinate dallo sfondo storico di questi paesi, dalle loro strutture economiche, dalla posizione geografica, dalle condizioni di trasporto e in parte dallo sviluppo delle relazioni politiche in Europa. È particolarmente importante notare che le strutture economiche di Italia e Jugoslavia erano diverse, il che era un presupposto fondamentale per il successo dello scambio tra di loro. Ciò che la Jugoslavia necessitava – l’Italia aveva ed esportava, ciò che mancava all’Italia – lo importava dalla Jugoslavia. Una grande dipendenza italiana dalle importazioni di legno, grano (cereali), bestiame e carne mostra chiaramente l’importanza dello scambio commerciale con la Jugoslavia. D’altra parte, la Jugoslavia era un grande cliente di tessuto e di prodotti tessili, la principale merce d’esportazione italiana. Pertanto, la struttura delle esportazioni e delle importazioni italiane e delle importazioni e delle esportazioni jugoslave, era di importanza cruciale per i loro scambi commerciali, in quanto componente più significativo delle relazioni economiche tra i due paesi. Ciò ha sicuramente contribuito ai loro reciproci interessi e i sistemi economici complementari erano il presupposto essenziale per lo sviluppo delle relazioni economiche, soprattutto attraverso lo scambio di merci.

Le relazioni economiche italo-jugoslave iniziarono a svilupparsi immediatamente dopo la prima guerra mondiale. La politica di commercio estero liberale, con piccoli divieti e restrizioni, ha influenzato una crescita più rapida degli scambi commerciali. Alcune questioni economiche furono trattate negli accordi politici firmati tra i due paeis dopo la guerra, ma il primo accordo economico sul commercio e sulla navigazione tra la Jugoslavia e l’Italia fu firmato nel 1924, il che costituì un ulteriore impulso alle loro relazioni economiche. Hanno convenuto che ci sarebbe piena e completa libertà di commercio e navigazione tra di loro. Diverse clausole di questo accordo cambiarono con accordi aggiuntivi degli anni ‘30, nonché con le decisioni del Comitato economico permanente italo-jugoslavo, attraverso il quale venivano regolate le relazioni economiche tra i due paesi (1937–1941). Tuttavia,
l’accordo del 1924 rimase la base giuridica su cui queste relazioni furono mantenute per gran parte del periodo fino al 1941.


Un motivo in più per le relazioni economiche molto vantaggiose tra l’Italia e la Jugoslavia, in un momento in cui le relazioni politiche non erano splendide, dovrebbe essere notato dal fatto che la Francia, in quanto principale alleato e protettore jugoslavo, rimase disinteressata alle importazioni dalla Jugoslavia, in quanto era autosufficiente per la propria popolazione che la Jugoslavia poteva provvedere. La Germania non era interessata alle esportazioni jugoslave negli anni ’20. Negli anni ’30 la Germania appariva come una nuova potenza economica nell’Europa sud-orientale, mentre la Gran Bretagna aveva i rifornimenti
dalle sue colonie. Pertanto, l’Italia ha perseverato, non solo per la sua favorevole posizione geografica, ma anche per la struttura della sua economia.

Durante gli anni 1920, le relazioni economiche jugoslave-italiane rimasero ad un livello elevato, specialmente nella prima metà degli anni ‘20 (fino al 1926), che era “l’età d’oro” delle relazioni economiche tra questi due paesi nel periodo compreso dal 1918 al 1941. Mentre le relazioni politiche nella prima metà degli anni ‘20 furono tese, le relazioni economiche (lo scambio commerciale) prosperarono, ma quando le relazioni politiche attenuarono, le relazioni economiche subirono un rallentamento. Questa contraddizione era una delle specificità delle relazioni economiche jugoslave-italiane (1918–1941). Quando le relazioni politiche erano tese, gli uomini d’affari di entrambe le sponde dell’Adriatico riuscirono a concordare l’interesse economico reciproco. Tuttavia, vi furono alcune influenze politiche sulle relazioni economiche. Per motivi politici, la Jugoslavia ha deciso di partecipare alle sanzioni contro l’Italia, che ha temporaneamente interrotto le relazioni economiche tra i due paesi e, a lungo termine, ha peggiorato le relazioni economiche tra di loro.


Le merci jugoslave più importanti esportate in Italia erano: legno e prodotti di legno, grano (cereali), bestiame, carne e prodotti a base di carne, nonché uova. Questo tipo di struttura delle esportazioni fu determinata dal carattere agrario dell’economia jugoslava e dalla sua enorme ricchezza nelle foreste, nonché dalla mancanza italiana di questi beni. Una varietà di merci importate in Jugoslavia dall’Italia era ovvia, a causa delle mancanze di praticamente tutti i tipi di merci sul mercato jugoslavo, specialmente nei primi anni ‘20. Tuttavia, il cotone e i prodotti di cotone, la lana e i prodotti di lana, la canapa, il lino e i loro prodotti, nonché il riso, erano i beni più importanti importati dall’Italia in Jugoslavia.
Goran Latinović

Il tasso di cambio tra dinaro e lira cambiò durante il periodo (1920–1940) e influenzò gli scambi tra i due paesi. Una forte lira durante il periodo tra 1933–1935 diminuì le importazioni jugoslave dall’Italia, ma dal 1936 un deprezzamento della lira fece sovrastimare il dinaro, che causò molto meno attività negli scambi commerciali con l’Italia.

Gli incidenti ai confini, sul mare e nei porti, tra Italiani e Jugoslavi furono uno degli indicatori delle turbolenti relazioni politiche, poiché avevano un background politico piuttosto che economico. Quegli incidenti colpirono i mercantili e certamente crearon ostacoli alle relazioni economiche tra i due paesi, ma in generale, ebbero poca influenza sul traffico, sui trasporti e sul commercio italo-jugoslavo. La rivaltà economica italo-jugoslava sul mare Adriatico fu caratterizzata dalla dominazione italiana. Nonostante l’importanza del traffico ferroviario nelle relazioni economiche tra i due paesi, le condizioni del suo utilizzo non erano sempre favorevoli in Jugoslavia. La città di Trieste occupava un posto speciale nelle relazioni economiche dei due paesi, grazie alla sua posizione geografica, buoni collegamenti marittimi e ferroviari (la ferrovia Trieste – Vienna attraversava il territorio jugoslavo), Trieste fungeva da mediatore negli scambi tra il Mediterraneo e l’Europa centrale.

Anche la presenza del capitale italiano nell’economica jugoslava (1918–1941) ebbe un ruolo nelle relazioni economiche italo-jugoslave. Alla vigilia della seconda guerra mondiale, la partecipazione più alta del capitale italiano nel capitale straniero dell’economia jugoslava era nelle compagnie assicurative (30,1%) e nelle banche (7,2%). Il capitale italiano partecipava solo con il 2,7% del capitale straniero complessivo nell’economica jugoslava. Tuttavia, per motivi politici, la competizione economica e le autorità jugoslave hanno represso il capitale italiano. Pertanto, si può presumere che la sua partecipazione all’economia jugoslava, specialmente durante gli anni ‘20, sia stata persino più elevata.
Sources and Bibliography

Sources

a) Unpublished documents

Arhiv Jugoslavije, Beograd

1. Dvor Kraljevine Jugoslavije
2. Ministarski savet Kraljevine Jugoslavije
3. Ministarstvo inostranih poslova Kraljevine Jugoslavije
   - Konzularno-privredno odeljenje
   - Direkcija za ugovore
4. Poslanstvo Kraljevine Jugoslavije u Italiji
5. Ministarstvo saobraćaja Kraljevine Jugoslavije
   - Brodarsko odeljenje
   - Uprava pomorstva i rečnog saobraćaja
6. Ministarstvo trgovine i industrije Kraljevine Jugoslavije
   - Kabinet – Odeljenje za spoljnu trgovinu
   - Kabinet – Odsek, odnosno Uprava za turizam
   - Administrativno, odnosno Opšte odeljenje
   - Odeljenje za spoljnu trgovinu
   - Odeljenje za kreditne ustanove i osiguranje
   - Mešovite tematske skupine po pripadnosti spisa raznim odeljenjima
7. Centralna uprava za trgovački promet sa inostranstvom
8. Centrala industrijskih korporacija Kraljevine Jugoslavije
9. Milan Stojadinović
10. Dobrivoje Stošović
11. Vojislav Jovanović Marambo
Archivio centrale dello Stato, Roma

1. Presidenza del Consiglio dei Ministri
   - Ufficio centrale per le nuove province
2. Ministero della marina mercantile
   - Direzione generale del personale e affari generali
3. Ministero del tesoro
   - Direzione generale tesoro, Portafoglio dello Stato – Dati statistici
   - Direzione generale tesoro, Ufficio di verifica e compensazione e trattati di pace
4. Istituto nazionale per i cambi con l’estero
   - Segretaria della direzione generale
   - Ufficio accordi
5. Archivi fascisti
   - Segretaria particolare del duce, Carteggio riservato

Archivio storico-diplomatico del Ministero degli Affari Esteri, Roma

1. Archivio del commercio
2. Direzione generale degli affari commerciali
b) Published documents

1. *I documenti per la storia dei rapporti fra l’Italia e la Jugoslavia* (a cura di GIANNINI Amedeo), Roma 1934.


c) Statistic overviews


d) Press


e) Memoirs

1. GUARNERI Felice, Battaglie economiche fra le due guerre (a cura di ZANI Luciano), Bologna 1988.


61. ROZENBORG Vladimir, *Inostrani kapital u jugoslovenskoj privredi u bankarstvu, industriji, trgovini, transportu, osiguranju i ostalim granama privredne delatnosti*, Beograd 1937.


Index of Personal Names

A

Agostinelli Moratti, Carolina 230
Alatri, Paolo 14, 267
Alberti, A. 189
Alberti, Luigi 137
Alberti, Mario 56
Albrecht-Carrié, René 14, 267
Aleksandar I Karađorđević 18, 135, 164–165, 172, 234
Aleksić, Dragan 193, 211, 267
Antonijević 68
Antonini 215
Arko, Vladimir 192
Avramovski, Živko 18–19, 58, 165, 168, 172–173, 176, 181, 185–186, 267

B

Bagli, Ivo 193
Bajloni, Ignjat 94
Bakić, Jelena 137, 265
Banac 88
Bandini, Franco 191
Barbi 186
Basciani, Alberto 190, 267
Belin, Ivo 8, 59–60, 63, 67, 71, 74, 193, 198, 204, 229, 242, 267
Benedetti 175
Benedetti, Giampaolo 198
Berić, Ljubomir 66
Berti 63
Bertolini 83
Betizza, Marin 61
Biagini, Antonello 30, 267
Bjelajac, Mile 13, 267
Bjelica, Slobodan 2, 9
Blagović, Nikola 66
Blagojević, Obren 128, 267
Blasi, Luigi 230
Bodrero, Alessandro 46, 48, 53, 65, 71, 89, 96, 118, 239
Bogdanović, Svetozar 77
Bogdanović, Živko 118
Boggio Marzet, Remo 101
Bolaffio 73
Bonazzi, Gino 204
Bonomi, Ivanoe 34
Borghi, A. 218
Borisavljević, Petar 149
Bossi 80, 219
Bošković, Jovan S. 77
Bothe 76
Botta, Franco 15, 270
Bratulić, Vjekoslav 8, 15, 267
Brocchi, Carlo 31
Brocchi, Ingino 144
Brugiapaglia 99
<table>
<thead>
<tr>
<th>Name</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunelli, Gustavo</td>
<td>41</td>
</tr>
<tr>
<td>Brüning, Heinrich</td>
<td>148</td>
</tr>
<tr>
<td>Bucarelli, Massimo</td>
<td>8, 16, 18, 131, 135, 207, 268</td>
</tr>
<tr>
<td>Bullo, Count</td>
<td>41</td>
</tr>
<tr>
<td>Burgwyn, James H.</td>
<td>8, 16, 268</td>
</tr>
<tr>
<td>Buti, Gino</td>
<td>189</td>
</tr>
<tr>
<td>Buttazzoni</td>
<td>62, 236</td>
</tr>
<tr>
<td>Calina, Giorgio</td>
<td>64</td>
</tr>
<tr>
<td>Camporeale</td>
<td>64</td>
</tr>
<tr>
<td>Cantagalli</td>
<td>218</td>
</tr>
<tr>
<td>Capasso, Danilo</td>
<td>9</td>
</tr>
<tr>
<td>Capobianchi, Alfredo</td>
<td>76</td>
</tr>
<tr>
<td>Carnelutti, Alfred</td>
<td>76</td>
</tr>
<tr>
<td>Carofiglio, Michele</td>
<td>178</td>
</tr>
<tr>
<td>Castellino, Nicola</td>
<td>191</td>
</tr>
<tr>
<td>Catalano, Franco</td>
<td>107, 129, 187, 211, 268</td>
</tr>
<tr>
<td>Cauli, Ettore</td>
<td>152</td>
</tr>
<tr>
<td>Ceresa</td>
<td>215</td>
</tr>
<tr>
<td>Chabod, Federico</td>
<td>130, 268</td>
</tr>
<tr>
<td>Ciancarelli, Bonifacio</td>
<td>151</td>
</tr>
<tr>
<td>Ciano, Galeazzo</td>
<td>19, 189–190, 195, 205, 267</td>
</tr>
<tr>
<td>Ciarrocca, Emidio</td>
<td>106</td>
</tr>
<tr>
<td>Cillis, Giorgio</td>
<td>64</td>
</tr>
<tr>
<td>Cinčar-Marković</td>
<td>205</td>
</tr>
<tr>
<td>Ciocca, Pierluigi</td>
<td>25, 271</td>
</tr>
<tr>
<td>Civelli, Ernesto</td>
<td>116, 118</td>
</tr>
<tr>
<td>Coduri, Fermo</td>
<td>78</td>
</tr>
<tr>
<td>Coen, Vittorio</td>
<td>76</td>
</tr>
<tr>
<td>Colli, Giuseppe</td>
<td>108</td>
</tr>
<tr>
<td>Colombo, Alfonso</td>
<td>186</td>
</tr>
<tr>
<td>Contesso, Guido</td>
<td>83</td>
</tr>
<tr>
<td>Coppi, Valeriano</td>
<td>189</td>
</tr>
<tr>
<td>Cosulich</td>
<td>83–86</td>
</tr>
<tr>
<td>Cosulich, Antonio</td>
<td>191</td>
</tr>
<tr>
<td>Cvetković, Vladimir</td>
<td>56, 268</td>
</tr>
<tr>
<td>Čavić, Mihajlo</td>
<td>61</td>
</tr>
<tr>
<td>Čingrija, Melko</td>
<td>151</td>
</tr>
<tr>
<td>Čulić</td>
<td>61</td>
</tr>
<tr>
<td>D’Agostino, Alberto</td>
<td>193</td>
</tr>
<tr>
<td>D’Annunzio, Luigi</td>
<td>14, 267</td>
</tr>
<tr>
<td>Dagna, Egidio</td>
<td>84</td>
</tr>
<tr>
<td>Davidović, Savo</td>
<td>77</td>
</tr>
<tr>
<td>De Poli, Francesco</td>
<td>80</td>
</tr>
<tr>
<td>De Stefani, Alberto</td>
<td>146</td>
</tr>
<tr>
<td>Deák, Ladislav</td>
<td>8, 19, 135, 169, 173, 177, 268</td>
</tr>
<tr>
<td>De Angelis, Pietro</td>
<td>186</td>
</tr>
<tr>
<td>Dedijer, Vladimir</td>
<td>8, 22–23, 95, 268</td>
</tr>
</tbody>
</table>
Goran Latinović

Della Staffa, Connettabile 57–58
Di Campalto, Viola 174
Di Ganno, Galeazzo 77
Di Nolfo, Ennio 16, 20, 268
Diena 110
Dimitrijević 186
Dimitrijević, Čeda 76
Dučić, Jovan 17, 185, 187, 189

D

Dordević, Boško 164, 194, 198, 205–207, 209, 211–212, 214, 268
Đurić, Marko 118
Durišić, Jelena 152, 163, 197, 205, 265–266
Đurović, Smiljana 8, 22, 88, 268

E

Ehrmann 76
Ekmečić, Milorad 13, 268
Eterno, Giuseppe 186

F

Fabiani 175
Fabricci 73
Facci, Giacomo 119
Faccincani 186

Faggioni 77
Fakać, Nikola 67
Federzoni, Luigi 15, 268
Feltrinelli 229
Feltrinelli, Antonio 191
Feltrinelli, Giuseppe 61–62, 236
Ferić, Marino 239
Filipić, Antonije 120
Foretić, Ivan 119
Fracaro, G. 77
Fratelli, Maggio 64
Frigessi di Rattalma, Arnoldo 191
Frtempilli 99

G

Galli 164
Gallini, Lorenzo 186
Gantar, Albin 77
Garavello, Guerino 186
Garzia, Italo 15, 270
Gayda, Virginio 146
Geary 28
Giannini, Amedeo 15, 187, 193, 210
Giolitti, Giovanni 30, 34, 271
Glocke, Anthony 2
Gluščević, Vid 61
Godoli, Ezio 102, 268
Gonzaga, Anselmo Guerrieri 191–192
Good, David F. 23, 28, 269
Yugoslav-Italian Economic Relations (1918‒1941)

Gramsci 7
Grandi, Dino 149
Gualerni, Gualberto 26–27, 53, 269
Guardini 186
Guarneri, Felice 190, 266
Guarneri, Raffaele 144
Guidetti 219
Guska 73

H

Hauer, Tobias 62
Hauser, Adolfo 72
Henderson, Neville 145
Hendrich, Franjo 77
Hercigonja, Dunja 135, 145, 269
Hoptner, Jacob B. 147, 152, 164, 181, 269
Huber, Antonio 192

I

Ilari, Vincenzo 186
Ilić, Saša 129, 265
Ilić, Vlada 206
Indelli, Mario 206
Italo 77
Ivanković, Mladenka 51, 269

J

Jablanović, Josip 106
Janeković 60
Jeftanović, Dušan 195
Jeftenić-Sirovića, Nataša 2
Jevtić, Bogoljub 165
Jovanović 64
Jovanović, Djordje 77
Jovanović, Jovan M. 51
Jovanović, Stevan 77
Jovanović, Vojislav M. 35, 266, 269
Jovanović Marambo, Vojislav 11, 263
Jozić, Nikola 118
Jung, Guido 135, 146

K

Kalanj, Josip 66
Karapetrović, Milena 2
Kerner, Robert J. 23, 182, 272
Khamis 28
Klefiš, P. J. 66
Korasić, Miroslav 76
Kostić, Jovan Lj. 226, 241, 271
Krek, Miha 187
Krizman, Bogdan 8, 186, 269
Krstelj, Ivo 41
Kukić, Sava 45, 47–48, 96
Kumanudi, Kosta 109
Goran Latinović

L

La Francesca, Salvatore 8, 25, 65, 107, 269
La Marca, Nicola 8, 33, 48, 50, 131, 211, 228, 269
Laginja, Matko 44
Lazarević 77
Lazarević, Milan 149
Latinović, Goran 1–3, 9, 32, 34, 39, 48, 52, 54, 58, 82–83, 86, 92, 101, 139, 171, 269, 291
Lederer, Ivo J. 13, 15, 270
Lević, Avram 115
Longo 99
Lorenzo, Salvatore 189
Luciolli, Lodovico 46, 48, 78, 96, 110
Luka, Antonio 50
Lukić, Ilija 66
Luzzato, Arturo 94

M

Ma, Tongshu 23, 28, 269
Maddison, Angus 21, 27–28, 125, 270
Manassero 186
Manojlović, Milan 193
Manzoni 85
Marcora 71
Marelli 71
Markov 76
Marković, Bogdan 119
Marković, Josif 169
Marković, Jovan T. 119
Marković, Lazar 109
Marković, Mita 118
Matijević, Paolo F. 88
Mayer, Bruno 115
Mazzini 13
Mazzola 94
Mazzucchelli, Mario 227
Medini 204
Merlìcco, Giordano 13, 270
Mihailović, Kosta 127, 270
Mihajlović, Tihomir 61
Mikanović, Brane 2
Milak, Enes 8, 16, 18–20, 144, 147–148, 163–165, 168, 170, 177, 185, 187, 194, 270
Milenković, Vladislav 97, 107, 127, 271
Milillo, Domenico 64
Mirković, Mijo 8, 22, 64–65, 95, 106, 128, 270
Mirković, Nikola 107, 196, 270
Mirošević, Niko 120
Mitrović, Andrej 14, 207, 210, 215, 270
Modiano, Ettore 240

278
<table>
<thead>
<tr>
<th>Name</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molin</td>
<td>197</td>
</tr>
<tr>
<td>Monzali, Luciano</td>
<td>8, 15, 18, 105, 270</td>
</tr>
<tr>
<td>Moretti, Giulio</td>
<td>189</td>
</tr>
<tr>
<td>Morini</td>
<td>80, 219</td>
</tr>
<tr>
<td>Morpurgo, Edgardo</td>
<td>191</td>
</tr>
<tr>
<td>Moscheni</td>
<td>32</td>
</tr>
<tr>
<td>Motta, Giuseppe</td>
<td>14, 270</td>
</tr>
<tr>
<td>Naemi, Salvatore</td>
<td>172</td>
</tr>
<tr>
<td>Neumann</td>
<td>189</td>
</tr>
<tr>
<td>Nikolić, Goran</td>
<td>2, 9, 28, 106, 112, 114, 151, 271</td>
</tr>
<tr>
<td>Nitti</td>
<td>14, 267</td>
</tr>
<tr>
<td>Obradović, Sava</td>
<td>149, 193</td>
</tr>
<tr>
<td>Olivetti, Gino</td>
<td>144, 191</td>
</tr>
<tr>
<td>Pansini</td>
<td>236</td>
</tr>
<tr>
<td>Paoli, Michelangelo</td>
<td>79</td>
</tr>
<tr>
<td>Paradisi, Mariangela</td>
<td>25, 130, 271</td>
</tr>
<tr>
<td>Parivodić, Milan</td>
<td>152</td>
</tr>
<tr>
<td>Pavelić</td>
<td>61</td>
</tr>
<tr>
<td>Pavišić, Ivan</td>
<td>66</td>
</tr>
<tr>
<td>Pavle Karadorđević</td>
<td>172</td>
</tr>
<tr>
<td>Pavlović, Vojislav G.</td>
<td>190, 267</td>
</tr>
<tr>
<td>Perić, Juraj</td>
<td>119</td>
</tr>
<tr>
<td>Perović, Ivo</td>
<td>233–234</td>
</tr>
<tr>
<td>Peschiera, Luigi</td>
<td>67–68</td>
</tr>
<tr>
<td>Peschiera, Stefano</td>
<td>67</td>
</tr>
<tr>
<td>Petranović, Branko</td>
<td>19, 22–23, 266, 271</td>
</tr>
<tr>
<td>Petrić, Petar</td>
<td>66</td>
</tr>
<tr>
<td>Petrović, Nada</td>
<td>129, 137, 150, 152, 163, 173, 177, 190, 265</td>
</tr>
<tr>
<td>Petrović, Nastas</td>
<td>118</td>
</tr>
<tr>
<td>Pilja, Milivoj</td>
<td>149, 165–168, 180, 189, 193–194, 198</td>
</tr>
<tr>
<td>Pirelli, Alberto</td>
<td>144</td>
</tr>
<tr>
<td>Pitacco, Giorgio</td>
<td>147</td>
</tr>
<tr>
<td>Pitić, Goran</td>
<td>8, 34, 47, 98, 271</td>
</tr>
<tr>
<td>Pivčević, Vico</td>
<td>67</td>
</tr>
<tr>
<td>Popov, Čedomir</td>
<td>17–18, 20, 271</td>
</tr>
<tr>
<td>Popović, Ivan</td>
<td>67</td>
</tr>
<tr>
<td>Popović, Svetislav</td>
<td>96</td>
</tr>
<tr>
<td>Račić, Ivo</td>
<td>87–88</td>
</tr>
<tr>
<td>Rajić, Ivo</td>
<td>178</td>
</tr>
<tr>
<td>Rakić, Milan</td>
<td>149</td>
</tr>
<tr>
<td>Randazzo, Giulio</td>
<td>115</td>
</tr>
</tbody>
</table>
Randazzo, Salvatore 115
Raualli 197
Ribarž 48
Riccardi, Raffaella 210, 215
Ricciardi, Adelchi 210
Rivetti 80
Rivetti, Simone 235
Rocca, Mosé 30
Rocco, Marco 172
Romano, Sergio 30, 271
Romitti 239
Rosenfeld, Mark 72
Rossi, Luigi 78
Rothschild, Anthony 145
Rothschild, Lionel 145
Rousko 88
Rozenborg, Vladimir V. 226, 229, 241, 271
Sachs de Grič, Niels 192
Saiu, Liliana 14, 16, 271
Sala, Ugo 47
Saltara, Ugo 76
Samarelli, Giuseppe 61
Schacht, Hjalmar 181
Schoen, Aldo 200
Schönbaum, Maxo 76
Sforza, Carlo 34
Simić, Vitomir 77
Sori, Ercole 8, 29–30, 238, 271
Spinedi, Francesco 191
Srečković, Ljubomir 118
Sretenović, Stanislav 17, 56, 58, 271
Srškić 64
Stamenković, Radoš 97, 107, 127, 271
Stanjević, Milutin 118
Stejić, Gavra 117
Stock 31, 238
Stojanović, Kosta 34–35
Stojkanović, Nikola 195
Stojkov, Todor 190, 271
Stošović, Dobrivoje 11, 263
Subotić, Spiro 231
Subbotić, Jovan 189
Šepić, Dragovan 13, 272
Špiljak 76
Šutej, Ivan 61
Švrljuga, Stanko 145
Tagliacarne, Guglielmo 26, 272
Tedeschi, Antonopulo 60, 76
Yugoslav-Italian Economic Relations (1918–1941)

Teodosić, Dragan 219, 266
Todorović, Milan 45, 47
Tomasevich, Jozo 23, 56, 61, 177, 182–183, 205, 214, 272
Tomičić, Juraj 146
Tomić, Jevrem 207
Tosti di Valminuta, Fulco 41
Trajhart, Šalomon 62
Tripcovich 83, 87, 93
Trumbić, Ante 34, 83

U

Ulmanski, Milan 179, 184
Ulmanski, Sava 149

V

Vasta, Michelangelo 26, 272
Venturini 62, 236
Vesnić, Milenko R. 34, 82
Villa 186
Villari, Luigi 17, 135, 272
Vinaver, Vuk 8, 19, 65, 132–133, 136, 139, 142, 147–148, 152–153, 272
Vio, Amleto 116, 118
Vitetti, Leonardo 189
Volpi, Giuseppe 30, 271
Von Heeren, Victor 173

Vučetić, Biljana 13–14, 30, 267, 270
Vučo, Nikola 21, 126–127, 130, 134, 272
Vukojčić, Živojin 235

W

Weiss, Norbert 76

Z

Zamagni, Vera 2, 8–9, 21, 25, 27, 107, 125, 129, 174, 272, 291
Zamboni 31, 238
Zani, Luciano 190, 266
Zecchin, Guido 192
Zečević, Momčilo 19, 266
Zeljković, Boško 75
Zibardi, Angelo 186
Zuccolin, Marcello 195

Ž

Živadinović, Dimitrije J. 118
Živković, Mate 68
Živojinović, Dragan R. 14, 273
Živojinović, Dragoljub R. 105, 273
Index of Geographical Terms

A

Abruzzo 29
Addis Ababa 181
Adriatico 31, 238, 261–262
Aegean 87
Africa 26, 91, 172, 174, 221–222
Airasca 186
Almissa 242
America 26, 82–86, 91
Amsterdam 204
Ancona 68, 76, 90, 116, 204
Antivari 30, 57, 240
Arbe 94
Argentina 26, 64, 70, 162
Ascoli Piceno 186
Asia 26
Australia 291
Austria-Hungary 13, 29–31, 35, 41, 45, 243

B

Bačka 24
Banat 24
Banja Luka 2–3, 9, 66, 72, 175, 291
Bar 57, 240
Bari 9, 14–15, 25, 64, 87, 93, 102, 116–117, 120, 130, 132, 139, 142, 153, 162, 171, 181, 195, 204, 268–272
Barletta 93
Belgium 161, 228, 233, 238, 240–241, 244

Benelux 26
Bergamo 238–239
Berkeley 23, 182, 272
Berlin 147, 181, 188, 210, 215, 222, 224
Bern 97
Biella 235
Bihać 82
Biscoglie 64
Bjelovar 72
Bocca di Cattaro 83, 90, 164
Bojana 46
Boka Kotorska 83, 90, 164
Bologna 2, 9, 15, 21, 25, 29, 190, 218, 240, 266, 268, 271–272, 291
Bor 210
Bosanska Dubica 72
Bosanska Krupa 75
Bosanski Brod 100
Bosnia 24, 29, 31, 33, 61–62, 72, 102, 176, 195, 236–237, 246
Brazil 70
Bremen 139
Brescia 78
Brioni 15, 41, 178
British India 74
Bucharest 134
Budapest 163, 229
Bulgaria 50, 71, 134, 162, 171, 201, 204, 291
Cambridge 23, 28, 269
Canada 26
Caribrod 29
Carrari 77
Catania 179
Cattaro 88
Cavtat 82
Central Serbia 24
Cetina 242–243
Chioggia 137
College Park 291
Concesio 78
Costelo 77
Crnica 242
Croatia 24, 72, 76, 176

283
Cuneo 79
Č
Čakovec 172
D
Dalmacija 240
Dalmazia 105, 178, 242, 270
Denmark 25, 70
Derventa 72
Donji Vakuf 236
Dresden 188
Drniš 233
Drvar 179
Dubrovnik 73, 79, 82, 87–88, 90, 92–94, 101, 117, 175, 196, 229
Duga Resa 75
Dugi Rat 242
Durazzo 57, 195

E
Eastern Europe 17, 23, 28, 63, 134, 171, 269
Egypt 74, 199
Ethiopia 18, 194–195, 225
Etiopia 173, 187, 211, 268
Europa 15, 19–20, 101, 125, 154, 259–260, 262, 270, 272
Evropa 59, 267

F
Fano 47
Finland 61
Firenze 79–80, 105, 218, 270
Francia 260
Francuska 17, 271
Friuli’s Alps 14
G

Geneva 177
Genoa 15, 67, 69, 77, 80, 83–84, 109, 116, 138, 177, 189
Germany 260
Granada 291
Gran Bretagna 260
Gravosa 93, 196
Gruz 93, 196

I

Indija 189
Israel 291
Istanbul 108
Istria 87

J

Jagodina 66
Japan 215
Jaruga 242
Jugoslavia 6, 13, 15–16, 18, 35, 41, 43, 46, 106, 120, 131, 135, 151, 268, 272

**K**

Kaštel Šućurac 240
Knin 101
Kolašin 24
Koprivnica 172
Kotor 88
Kraljevac 242
Kraljevina Srba, Hrvata i Slovenaca 16–17, 56, 58
Kranj 66
Križevci 76
Krka 47, 242–243
Kruševac 171

**L**

Levant 144
Liguria 77
Liverpool 204
London 13–14, 23, 26, 88, 107, 127, 135, 145, 82, 272

**M**

Macedonia 50
Makarska 236
Manojlovac 242
Marghera 178
Marseille 18, 87, 164
Maryland 291
Mediterranean 63, 101, 215, 254
Mediterraneo 262
Metković 76, 90, 99–100, 171
Middle East 20, 120
Molfetta 61, 64, 236
Montegiorgio 29, 186
Montenegro 24, 30–31, 58, 246, 267
Monza 186
Morocco 87
Munich 54

N

Napoli 69, 76, 172
Nassau 239
Neretva 47, 171
Netherlands 70–71, 199, 228, 232–233, 236, 241, 244, 291
Nettuno 16–17, 50–51, 100
New York 14, 17, 125, 267, 272
Nikšić 24
Niš 29
North America 83, 85–86
Northern Adriatic 89, 141, 157, 197
Northern Africa 168
Northern Italy 162
Northern Serbia 24, 67, 72
Norway 291
Nova Gradiška 189
Novi Sad 2, 9, 45, 77, 102, 172, 175, 269

O

Obrovac 101
Oceania 26, 87–88
Omiš 242
Osijek 77, 175
Osimo 15, 18, 270
Oxford 25, 272

P

Padova 16, 117, 268
Pag 94
Pago 94
Palermo 78
Pančevo 77
Parenzo 73
Paris 13–14, 17, 21, 27, 82–83, 125, 267, 270
Pezaro 47
Pirot 29
Plovdiv 291
Podgorica 24
Poland 61, 72, 100, 140, 171, 209
Portland 238–239
Porto Narenta 90, 99–100, 171
Posavina 189
Prato 230
Prijedor 72
Promina 32, 90, 233–234
Puglia 64, 87, 93, 119, 136, 162, 171, 188
Pula 15, 267

R

Rab 94
Ragusa 73, 76, 82, 87–88, 90, 92–94, 117, 175, 196, 229
Ragusavecchia 82
Rapallo 13, 15, 17, 34, 43–44, 83,
<table>
<thead>
<tr>
<th>Location</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ravenna</td>
<td>47</td>
</tr>
<tr>
<td>Rogaška Slatina</td>
<td>73</td>
</tr>
<tr>
<td>Roma</td>
<td>14–16, 25, 33, 57, 102, 111, 130, 228, 236, 242, 264–265, 268–272</td>
</tr>
<tr>
<td>Romania</td>
<td>50, 52, 61, 64, 96, 100–101, 134, 136, 161–162, 171, 176, 182–183, 204</td>
</tr>
<tr>
<td>Saint Germaine</td>
<td>84</td>
</tr>
<tr>
<td>Salona</td>
<td>238</td>
</tr>
<tr>
<td>San Marino</td>
<td>7, 9, 291</td>
</tr>
<tr>
<td>Santa Margherita</td>
<td>15, 42–43, 105</td>
</tr>
<tr>
<td>Sarajevo</td>
<td>48, 61, 64–65, 73, 75, 99–100, 175, 195, 229, 236, 291</td>
</tr>
<tr>
<td>Savski Marof</td>
<td>171</td>
</tr>
<tr>
<td>Scutari</td>
<td>57</td>
</tr>
<tr>
<td>Sebenico</td>
<td>68, 90, 92–93, 101, 178, 228–229, 242</td>
</tr>
<tr>
<td>Senj</td>
<td>72</td>
</tr>
<tr>
<td>Senta</td>
<td>62–63</td>
</tr>
<tr>
<td>Serbia</td>
<td>13, 22, 24, 29–31, 50, 62, 67, 72, 84, 110, 267, 291</td>
</tr>
<tr>
<td>Shanghai</td>
<td>291</td>
</tr>
<tr>
<td>Siverić</td>
<td>233</td>
</tr>
<tr>
<td>Skopje</td>
<td>45, 50, 229</td>
</tr>
<tr>
<td>Slatina</td>
<td>137</td>
</tr>
<tr>
<td>Slavonia</td>
<td>67, 72</td>
</tr>
<tr>
<td>Slovene provinces/regions</td>
<td>24, 66, 102</td>
</tr>
<tr>
<td>Smederevo</td>
<td>172</td>
</tr>
<tr>
<td>Sombor</td>
<td>219</td>
</tr>
<tr>
<td>South America</td>
<td>69, 71, 83, 85–86</td>
</tr>
<tr>
<td>South Slavic states/countries/provinces</td>
<td>31, 59, 121</td>
</tr>
<tr>
<td>Southern Italy</td>
<td>61, 79, 120, 161–162</td>
</tr>
<tr>
<td>Southern Serbia</td>
<td>24, 50</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>61, 146, 176</td>
</tr>
<tr>
<td>Spain</td>
<td>63, 146, 189, 291</td>
</tr>
<tr>
<td>Spalato</td>
<td>32–33, 44, 61, 64, 66–67, 74, 88–93, 97, 101, 115, 117–119, 139, 175, 178, 187, 196, 228–229, 234, 239, 243</td>
</tr>
<tr>
<td>Split</td>
<td>32–33, 44, 61, 64, 66–67, 74, 88–93, 97, 101, 115, 117–119, 139, 175, 178, 187, 196, 228–229, 234, 239, 243</td>
</tr>
</tbody>
</table>
Yugoslav-Italian Economic Relations (1918‒1941)

74, 88–93, 97, 101, 115, 117–119, 139, 175, 178, 187, 196, 228–229, 234, 239, 243

Stari Bečej 72

Stockholm 291

Subotica 71–72, 219, 229


Sušak 86, 88–94, 96, 101, 139, 141, 146, 172, 191–192, 241

Sweden 61, 228, 231, 236, 241, 244, 291

Switzerland 26, 70, 130, 162, 165, 228, 231, 233–238, 241, 244

Š

Šibenik 68, 90, 92–93, 101, 178, 228–229, 242

T

Taranto 230

Thessalonica 33, 79, 139, 172

Tirana 17, 57, 169

Titograd 19, 272

Torino 108, 110, 130, 186, 218, 233, 268

Toscana 79

Travnik 72, 236

Treći Rajh 210, 215, 270

Trento 119

Trepča 215

Treviso 80


Trst 101, 139, 171, 269

Tunisia 70

Turbe 236

Turkey 31, 50, 108, 154, 162, 171, 182–183

U


Ugar 236

United States of America 26, 40, 67, 125, 162, 173, 181

Uruguay 70

Usmante 186

V

Velebit 41

Velika Britanija 135, 145, 269

Veliki Bečkerek 45, 77

Velušić 233

Veneto 215
Venezia 41, 61, 76, 87, 91, 137, 178, 195, 197, 204–205, 230
Venezia Giulia 64, 73, 94, 105
Venezia Tridentina 105
Venezuela 70
Verona 78
Versailles 52, 125
Vienna 54, 101, 163, 242, 254, 262
Vinkovci 77
Virpazar 57, 240
Vojvodina 24, 71

W

Washington, D.C. 291
Western Europe 27, 63, 86
Westport 16, 268

Y


Z

Zadar 14, 43, 82, 87, 101, 142, 229, 273
Zara 43, 82, 87, 101, 142, 229
Zelenika 90
Zemun 235
Zemunik 101
Zrmanja 47

Ž

Žumberak 66
About the Author

Goran Latinović (Sarajevo, 1977) graduated History at the University of Banja Luka in 2000. At the same University, he finished postgraduate studies in 2004 and obtained an M.A. degree in History. He spent eleven months in the U.S.A. (August 2004 – July 2005), as a fellow of the Junior Faculty Development Program. He was a Visiting Scholar at the University of Maryland at College Park and he worked, as an intern, in the Library of Congress in Washington D.C. He finished doctoral studies and obtained a Ph.D. degree in History in 2012 at the School of Historical Studies at the University of San Marino, where he presented and discussed his doctoral dissertation Yugoslav-Italian Economic Relations 1918–1941. His mentor was Dr. Vera Zamagni, Professor of Economic History at the University of Bologna. Working on his thesis, he spent five months in Rome (2009–2010) and several months in Belgrade. He was a Visiting Scholar at the University of Stockholm, where he spent five months (2013–2014), working on his post-doctoral project Yugoslavia and Scandinavian Countries 1918–1945: Diplomatic, Economic and Cultural Relations, which he published as a book in 2014 (in the Serbian language). He gave lectures in the U.S.A. (The University of Maryland at College Park, 2004), Sweden (The University of Stockholm, 2013), Bulgaria (The Plovdiv University “Paisii Hilendarski”, 2018), Spain (The University of Granada, 2018) and China (East China University of Political Science and Law in Shanghai, 2019). Besides, he has researched or participated in various seminars, conferences and study visits in Serbia, the U.S.A., Greece, Norway, Germany, Italy, Israel, Australia, the Netherlands, China and Great Britain. He has been employed at the University of Banja Luka since 2001. Currently, he is an Associate Professor and a Vice Rector for Scientific Research and Development. He mainly teaches courses in the History of Yugoslavia and its successors. He is the author of three books and around 30 articles in scientific reviews and conference proceedings.
LATINOVIĆ, Goran, 1977-
Yugoslav-Italian Economic Relations : (1918-1941) / Goran
Latinović. - Banja Luka : University of Banja Luka, Faculty of
Philosophy, 2019 (Banja Luka : Comesgrafika). – 291 стр. : илуст. ; 24
cm

Слика аутора. - Тираж 300. - Биљешка о аутору: стр. 291. -
Напомене и библиографске референце у з текст. - Библиографија:
стр. 263-273. - Регистри.


COBISS.RS-ID 8450840