SERBIAN ACADEMY OF SCIENCES AND ARTS
INSTITUTE FOR BALKAN STUDIES

LIII 2022

BALCANICA

D. NIKOLIĆ, Three Votive Plaques from Upper Moesia • I. KOMATINA, A Hypothesis about the Origin of Záviš's Cross • J. HENDERSON & V. ŽIVKOVIĆ, Experiencing Disease and Medical Treatment in Renaissance Italy • F. GUIDA, The Second Eastern Crisis (1875–1878) • A. D'ALESSANDRI, The Opening of the Italian Legation in Belgrade in 1879 • J. I. TOMAŠEVIĆ, Movies about the First World War • M. RISTOVIĆ, The March on Rome and its Consequences • B. MILOSAVLJEVIĆ, Italy in the Writings of Slobodan Jovanović • J. RAFAILOVIĆ, Yugoslav-Italian Foreign Trade Relations 1919–1939 • M. T. MRAOVIĆ, Creation of an Alternate Reality • A. EREŠ, The Venice Biennale and Art in Belgrade in the 1950s • E. COSTANTINI, Relations between the PCI and the League of Communists from the Second Post-War Period to the Mid-1960 • M. DOGO, Belgrade 1969–1972 • B. ŽIVKOVIĆ, The Two Last Encounters between Broz and Berlinguer • P. DRAGIŠIĆ, The Yugoslav Perspective on Italian Eurocommunism in the Second Half of the 1970s

ANNUAL OF THE INSTITUTE FOR BALKAN STUDIES
UDC 930.85(4-12) BELGRADE 2022 ISSN 0350-7653 eISSN 2406-0801

https://doi.org/10.2298/BALC2253167R
UDC 94:339.562(497.1:450)"1919/1939"
339.562:677(497.1)"1919/1939"
Original scholarly work
http://www.balcanica.rs

Jelena Rafailović*

Institute for Recent History of Serbia
Belgrade, Serbia

Yugoslav-Italian Foreign Trade Relations 1919–1939 and the Yugoslav Industry: the Import of Textile Products from Italy

Abstract: Yugoslav-Italian relations between two world wars, besides the diplomatic-political, also had a very significant economic aspect. Italy was one of the most important foreign trade partners of the Kingdom of Yugoslavia, and this paper will explore the trade exchange between the two countries, especially the import of materials necessary for the textile industry, which substantially contributed to the positive balance of trade. Beside a quantitative analysis of statistical data regarding foreign trade, the paper also looks at the impact of political and economic events on the trade relations between the two countries, as well as the relation between the industrialization of Yugoslavia and changes in foreign trade.

Keywords: Kingdom of Yugoslavia, Italy, foreign trade, industry

Economic relations between Kingdom of SCS/Yugoslavia and Italy were very dynamic, with notable rises and falls, not lagging behind the events in the turbulent diplomatic-political arena. In the relations between the two countries, trade exchange, very significant for the economy of the nascent Kingdom, is a particularly noteworthy aspect because Italy was Yugoslavia's primary foreign trade partner for many years. There are other works that examine the economic relations between the two countries[1] and elaborate upon their political and/or

* jelena.rafailovic@inis.bg.ac.rs

[1] E. Milak, *Italija i Jugoslavija 1931–1937* (Italy and Yugoslavia 1931–1937) (Beograd: Institut za savremenu istoriju, 1987); Г. Латиновић, "Југословенско-италијански економски односи (1934–1936)" (Yugoslav-Italian economic relations (1934–1936)), *Глас CDXXVIII САНУ*, Одељење историјских наука 18 (2018); G. Latinović, "Yugoslav-Italian Economic Relations (1918-1929): Main Aspects," *Balcanica* XLVI (2015); G. Latinović, "Jugoslovensko-italijansko pomorsko rivalstvo na Jadranskom moru 1919-1929," (Yugoslav-Italian naval rivalry in the Adriatic Sea 1919-1929), *Istorija 20. veka* 35, 2 (2017); Г. Латиновић, "Трст у југословенско-италијанским економским односима између два свјетска рата," (Trieste in Yugoslav-Italian economic relations between the two world wars) *Зборник Матице српске за историју* 96 (2017); V. Vinaver, "Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930-1934)," (World economic crisis and Yugoslav-Italian trade (1930-1934) *Časopis za suvremenu povijest* 8 1 (1976); V. Vinaver, "Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934)," (The Great Depression of 1929 and its effects on commerce be-

economic relations, but this paper will specifically focus on an analysis of the import of products for the textile industry.

The two main import-export items, in the industrial sector, were materials for the textile industry, imported from Italy, and forestry products, which Yugoslavia exported to Italy. These two categories, along with agricultural products, represented the basis of the two countries' trade exchange and, in view of their share in overall import and export, were relevant factors for maintaining the positive foreign trade balance of Yugoslavia. This paper introduces three levels of research: a quantitative analysis of foreign trade statistical data according to values in current prices; the interplay of political and economic events, and their influence on trade relations between the two countries, such as the consequences of the First World War on trade, the Great Depression, the economic sanctions imposed on Italy and the shift in foreign trade relations in Central Europe; and finally, the relation between the development of industry in Yugoslavia and foreign trade.

Foreign trade relations between Yugoslavia and Italy

Two fundamental economic factors influenced the intense trade exchange between Yugoslavia and Italy, in addition to the fact that they were neighboring countries. The first was the economic structure of these two countries, namely the necessity and potentials of Yugoslav and Italian import and export. Yugoslavia was a notable exporter of agricultural products and timber, which Italy imported, and an importer of industrial raw materials and goods, which were exported by Italy. The export of livestock, animal products, grain and wood, along with the import of textiles, composed more than two thirds of the value of overall trade exchange with Italy. The second factor was the very nature of Yugoslavian foreign trade, which hadn't faced more stringent bans and limitations in its export and import of goods until the outbreak of the economic crisis.[2]

---

tween Yugoslavia and Italy) *Časopis za suvremenu povijest* 8, 1 (1976); V. Vinaver, *Svetska ekonomska kriza u Podunavlju i nemački prodor 1929–1934* (The Effects of the Great Depression on the Danubian Basin and the breakthrough of Germany) (Beograd: Institut za savremenu istoriju, 1987); I. Becić, "Statistika i karakter spoljne trgovine Kraljevine SHS 1919–1929.," (The Statistics and characteristics of the Kingdom of the SCS's Foreign Trade) *Istorija 20. veka* 33, 2 (2015) et al.

[2] Milak, *Italija i Jugoslavija 1931–1937*, 33; J. Lakatoš, *Jugoslovenska privreda. Jubilarno izdanje "Jugosl. Lloyda"* (The Yugoslav economy. The Jubilee Edition of the Yugoslav Lloyd) (Zagreb: Jugoslovenski Lloyd, 1933), 132–134; Becić, "Statistika i karakter spoljne trgovine Kraljevine SHS 1919–1929.," 68–69.

Economic relations between Italy and Yugoslavia[3] were established immediately after the Great War and lasted, without significant problems, until the outbreak of the Great Depression. Although in the first years trade exchange was in the shadow of the unresolved border issues[4] between the two countries and the challenges brought on by Yugoslavia's unification, such as the absence of customs offices along the border, smuggling, a decentralized customs system and transition to a peacetime economy, it was recorded, as early as 1920, that the trade exchange with Italy composed about 36.6% of overall import and 27.1% of all exports of the Kingdom of SCS.[5]

To normalize foreign trade, the pre-war trade treaties that Serbia had with Allies and neutral countries from the First World War were extended to the whole Kingdom, which was the case with Italy, as well. "The Trade and Navigation Agreement", concluded in 1907 between the Kingdom of Italy and the Kingdom of Serbia,[6] covered the territory of the whole country from March 1919. However, the first trade contract, broader and without limitations, on the pre-war liberal principles of trade, was concluded on 14th July 1924.[7] Although it came into force just four years later, it was the first of its kind in Yugoslavia, representing the basis of all further trade contracts.

The trade agreement with Italy was preceded by the resolution of political issues. After the Treaty of Rome was signed on 27th January 1924[8] to settle the border and demarcation issues, negotiations about a trade agreement commenced in February and ultimately led to the mentioned trade agreement

---

3 Latinović, "Yugoslav-Italian Economic Relations (1918-1929)", 173–175.

4 Milak, *Italija i Jugoslavija 1931–1937*, 31–32.

5 *Statistički godišnjak 1929,* I, (Beograd: Opšta državna statistika Kraljevina Jugoslavija, 1932), 264–269.

6 "Закон о Уговору о трговини и пловидби између Србије и Италије". (The Law on Trade and Shipping between Serbia and Italy). In *Краљевина Србија и Краљевина Италија: документа*, ed. Мирослав Перишић, Јелица Рељић, Александар Марковић (Београд: Архив Србије, 2019), 341–358.

7 "Закон о уговору о трговини и пловидби и Конвенцији о сточним заразним болестима између Краљевине Срба, Хрвата и Словенаца и Краљевине Италије," (The Law on Trade and Shipping and the Convention on veterinary diseases between the Kingdom of Serbs, Croats and Slovenes and the Kingdom of Italy). *Службене новине Краљевине Срба, Хрвата и Словенаца* (Official newspaper of the Kingdom of Serbs, Croats and Slovenes) (Београд), 14. 11. 1928, 266.

8 E. Milak, "Kraljevina Srba, Hrvata i Slovenaca i Rimski sporazum (1922–1924)", (The Kingdom of Serbs, Croats and Slovenes and the Rome Agreement (1922–1924) *Istorija 20. veka: zbornik radova* (1982), 14–15.

from July 1924.[9] It should be noted that value of the exchange between the two countries in 1924 was the biggest in the whole interwar period.[10] The value of Yugoslavia's exports to Italy was 2.757 million dinars and for the value of its imports reached 1.688 million dinars, which made Italy its primary trade partner in that year, with 28.9% of export and 20% of import.

The Trade and Navigation Agreement of 1924 was based upon "complete freedom of trade and navigation", with a preamble that introduced some import and export restrictions for both parties, except in some situations.[11] It was based on the principle of the broadest unconditional privileges regarding customs tariffs and other formalities. It was also the first treaty made on the basis of general customs tariff, so the Kingdom added 166 paragraphs and Italy 14 paragraphs of import tariffs, including paragraphs on the export of wood, coal, and railway sleepers. The mentioned paragraphs began to be applied when the general customs tariff came into effect in 1925. In fact, this addition of numerous articles for customs tariffs represented the least favorable part of the contract, because it influenced the signing of trade agreements with other countries. The agreement wasn't too popular, which is why four years passed from its signing to its ratification, as there was an opinion in economic circles that the concessions given to Italians were too big and that this would lead to Italian economic hegemony.[12] However, the balance sheet of the trade exchange was on the side of Yugoslavia, which ultimately exported more to Italy than imported from it.

The balance of trade exchange between two countries was, in most of the years under review, positive for the Kingdom of Yugoslavia, and a negative

---

[9] The Treaty was concluded and signed in Belgrade on 14th July 1924, voted for in National Assembly on 9th June 1926, and after the exchange of instruments of ratification, put into effect on 14th November 1928. (B. Đorđević, *Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine* (The Overview of the Policy of Trade Agreements from the creation of the State of Serbs, Croats and Slovenes until 1941) (Zagreb: Jugoslavenska akademija znanosti i umjetnosti, 1960), 4–5; Latinović, "Yugoslav-Italian Economic Relations (1918-1929)," 182–185.)

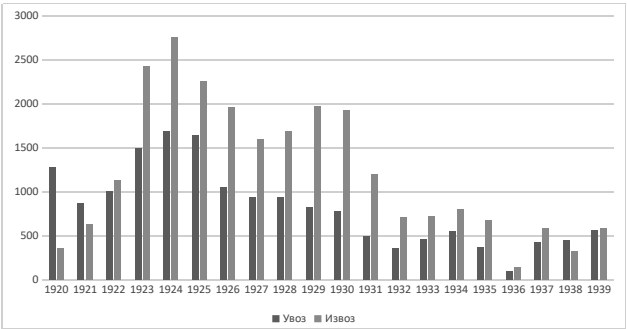
[10] *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1924. годину* (Foreign trade statistics of the Kingdom of Serbs, Croats and Slovenes for 1924) (Београд: Генерална дирекција царина Министарство финансија, 1925).1925).

[11] These concerned items and goods concerned military equipment, public security, state monopolies, sanitary or veterinary security, and foreign goods, the export of which was limited or forbidden because of internal regulations. "Закон о уговору о трговини и пловидби и Конвенцији о сточним заразним болестима између Краљевине Срба, Хрвата и Словенаца и Краљевине Италије" (Law on the Agreement on Trade and Navigation and the Convention on Infectious Livestock Diseases between the Kingdom of Serbs, Croats and Slovenes and the Kingdom of Italy), article 7, 1592.

[12] Đorđević, *Pregled ugovorne trgovinske politike*, 5–9; Becić, "Statistika i karakter spoljne trgovine Kraljevine SHS 1919–1929.," 60.

balance was recorded only in 1920, 1921 and 1938. In 1920–1929, the average annual import from Italy was 1.1 billion dinars in total, while the export was 1.674 billion dinars: in the following 10 years, import was 455 million dinars and export 765 million (Graph No. 1)[13] Italy tried to address its passive trade balance with Yugoslavia with a series of economic moves, but to no avail. It's been mentioned that Italy was one of the most important foreign trade partners for Yugoslavia, being its primary export partner in 11 years, but the Yugoslav share in overall Italian trade was small and composed 2.99% of import and 1.79% of export in 1929.[14] Just for comparison, in the same year, the Italian share in Yugoslavia's foreign trade was 11% of import and 25% of export[15]. As Ivo Belin presented in an article published in the *Nova Evropa* journal: "Regarding our total export to Italy, Italy is the main market for the distribution of our products, whereas we are an almost *quantité négligeable* for the Italian market."[16]

Graph No. 1. Foreign trade of Yugoslavia with Italy 1920–1939 in current prices (000.000')



Resources: *Statistički godišnjak 1929*, 264–269; *Statistički godišnjak 1933*, V, (Beograd: Opšta državna statistika Kraljevina Jugoslavija, 1935), 188–191; *Statistički godišnjak 1934–1935*, VI, (Beograd: Opšta državna statistika Kraljevina Jugoslavija, 1937), 178–179; *Statistički godišnjak 1940*, 234–235.
[увоз = Import; извоз = Export]

[13] *Statistički godišnjak 1929* (The Annual Review of Statistics for 1929), 264–269; *Statistički godišnjak 1940*, (The Annual Review of Statistics for 1940) X, (Beograd: Opšta državna statistika Kraljevina Jugoslavija, 1941), 234–235.

[14] Vinaver, "Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934)," 41.

[15] *Statistički godišnjak 1929*, 264–269.

[16] И. Белин, "Итало-југословенски привредни односи" (Italo-Yugoslav economic relations), *Нова Европа* XXII, 4 (1930), 251.

Although Italy was a significant trade partner, there was a trend of decrease of Italian export and import from the mid-1920s onward, but just before and during the economic crisis, it was additionally intensified. (Graph No. 1) There were several reasons of an economic and political nature. Political changes and the coming of the Fascist Party to power in Italy was also reflected in its economic policies. Economic dirigisme, Italy's new economic direction[17] in foreign trade, led to customs protectionism, abandonment of the laissez-faire system, and an attempt of to channel export and import through the newly established National Institute for Exportation (1926), all with the aim of controlling the country's foreign trade.[18] Political relations consistently towered over economic ones, and the extremely strained and contentious relations during 1927 influenced trade exchange,[19] which was immediately reflected in the decrease of exchange in 1925, the year that saw 100 million dinars of export and 400 million dinars of import.[20]

The great economic crisis deeply shook trade exchange in 1931, so as early as next year, in April, "Additional Provisions to The Trade and Navigation Agreement of 14th July 1924" was concluded in Rome. Import customs were revised in this additional arrangement because Italy demanded an increase of its import duties on livestock, meat and other products to increase internal prices in Italy, while Yugoslavia increased its import duties for agricultural products, textiles and leather goods as a protective measure.[21] Although made with the aim of intensifying trade, alleviating the consequences of the crisis in Yugoslavia

---

[17] Berend defines a special type of economy and names it economic dirigisme, based upon a regulated trade system, protectionism, state interventionism, and it appears along with "oppressive, non-parliamentary, single-party, dictatorial-military-political systems" I. T. Berend, *Ekonomska istorija Evrope u XX veku: ekonomski modeli od laissez-faire do globalizacije* (An Economic History of Twentieth-Century Europe. Economic Regimes from Laissez-Faire to Globalization) (Beograd: Arhipelag, 2009), 110.

[18] Milak, *Italija i Jugoslavija 1931–1937*, 35; P. Knight, *Mussolini and Fascism* (London and New York: Routledge, 2003), 64.

[19] Milak, *Italija i Jugoslavija 1931–1937*, 37–38; Latinović, "Yugoslav-Italian Economic Relations (1918-1929)," 191.

[20] *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1926. годину* (The Statistics of the Foreign Trade of the Kingdom of Serbs, Croats and Slovenes for 1926) (Београд: Генерална дирекција царина Министарство финансија, 1927); *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1927. годину* (The Statistics of the Foreign Trade of the Kingdom of Serbs, Croats and Slovenes for 1927) (Београд: Генерална дирекција царина Министарство финансија, 1928).

[21] "Допунски споразум уз трговински уговор са Италијом" (Supplementary agreement to the trade agreement with Italy), *Glasnik Zavoda za unapređenje spoljne trgovine Ministarstva trgovine i industrije*, 1932, 93–95; Đorđević, *Pregled ugovorne trgovinske politike*, 93–95.

and decreasing the passive balance of Italy, the contract didn't have a notable effect on the trade relations.[22]

In the same year, on 22nd October 1932, "The Agreement on the Payment Arrangement in Trade Exchange between Italy and Yugoslavia" was also signed,[23] which regulated the clearing relations between the two countries. The agreement meant that there was partial compensation, so that 85% of payments of Italian importers of Yugoslav goods represented payment for the countervalue of goods exported to Yugoslavia, while 15% of this amount was paid into the account of the Yugoslav National Bank in Italian lire.[24] The clearing agreement was revised in 1936, and then Yugoslavia claimed from Italy more than 50 million liras[25], although during the first two years (until the end of 1934), the clearing account was passive for the Kingdom because of its previous debts.[26]

During 1932 and 1933, the goods exchange between the two countries fell to the lowest level ever (export averaged 715 million dinars and import 410 million dinars).[27] Besides the economic crisis, which limited overall import, trade-political measures for activating trade balance and protectionist measures for compensating exports with the country's own production, there was another factor – Italy's tendency to redirect its trade towards other countries of Central and Southeast Europe.[28]

---

[22] Milak, *Italija i Jugoslavija 1931–1937*, 95.

[23] "Допунски споразум уз трговински уговор са Италијом" (Supplementary agreement to the trade agreement with Italy), *Glasnik Zavoda za unapređenje spoljne trgovine Ministarstva trgovine i industrije*, 1932, 93–95; Đorđević, *Pregled ugovorne trgovinske politik*e, 93–95.

[24] The clearing agreement didn't resolve economic problems, but created new ones, like calculating the exchange rate between the dinar and the lira, because the exchange rate of lira in Belgrade wasn't the same as on the Zürich stock market. Milak, *Italija i Jugoslavija 1931–1937*, 96.

[25] The clearing contracts had tendency of alignment on the lower level, which represented Yugoslav import from Italy, which meant that the value of exchange of Yugoslav products towards Italy decreased by one third. That meant that the value of the exported one metric ton from 1929 decreased related to 1933 for 28%, while the value of the imported one metric ton from Italy decreased for 10%."Неколико разматрања о нашим трговинским односима са Италијом," (Several Thoughts on our Trade Relations with Italy), *Glasnik Zavoda za unapređivanje spoljne trgovine Ministarstva trgovine i industrije*, 15. 11. 1933., 1933, 665.

[26] Đorđević, *Pregled ugovorne trgovinske politike*, 95–96; Milak, *Italija i Jugoslavija 1931–1937*, 96.

[27] *Статистика спољне трговине Краљевине Југославије за 1932 годину* (The Statistics of the Foreign Trade of the Kingdom of Serbs, Croats and Slovenes for 1932) (Београд: Одељење царина Министарство финансија, 1933); Ibid., 1934.

[28] "Неколико разматрања о нашим трговинским односима са Италијом," 665; "Наши трговински односи са Италијом," (Our Trade relations with Italy) *Glasnik Zavoda za unapređivanje spoljne trgovine Ministarstva trgovine i industrije*, 1932, 1.

1934 was one of the key years in the economic relations between the two countries. That year in January, the *Additional agreement to the agreement of 25th April 1932, added to the The trade and navigation agreement between the Kingdom of Serbs, Croats and Slovenians, and Italy from 14th July 1924,* was concluded,[29] increasing Italian duties on livestock and animal products, with some other changes to the agreement.[30] However, earlier that year, in February, Italy introduced in its foreign trade a system of contingency and import permissions;[31] then, in March, it signed trade agreements[32] with Austria, granting it privileges for selling wood to Italy, and with Hungary, which gained privileges for exporting agricultural products. In these economic and political circumstances, Yugoslavia signed a trade agreement and a tourist convention with Germany on 1st May.[33] In the context of international changes and Germany's growing importance in the economy of Southeast Europe, the objectives of these trade agreements are also clear. Enes Milak considers the agreement between Yugoslavia and Germany as "a turning point in Yugoslav-Italian trade relations"[34] because the agreement guaranteed major privileges in the exchange of goods, navigation and transfer of citizens, as well as benefits for the Yugoslav export of agricultural products to Germany and the import of industrial products from Germany to Yugoslavia.[35]

The economic sanctions against Italy, as a result of the Abyssinia Crisis, marked the following two years. As a member of the League of Nations, the

---

[29] "Допунски споразум уз споразум од 25 априла 1932 додат уговору о трговини и пловидби између Краљевина Срба, Хрвата и Словенаца и Краљевине Италије од 14 јула 1924," (Supplementary agreement to the agreement of April 25, 1932 added to the agreement on trade and navigation between the Kingdoms of Serbs, Croats and Slovenes and the Kingdom of Italy of July 14, 1924), *Службене новине Краљевине Југославије* (Београд), 12.03. 1934, бр. 58.

[30] Đorđević, *Pregled ugovorne trgovinske politike*, 96–97.

[31] Đorđević, *Pregled ugovorne trgovinske politike*, 98.

[32] Within necessary regional cooperation, in 1931, Italy founded economic relations with Austria and Hungary on basis of Broki's system, which allowed hidden mutual decrease of duty tariffs. Further step was the agreement of triple system agreed upon in autumn 1933, and put into effect in March 1934, so called Rome protocols, which had its protocol on economic cooperation as well. Berend, *Ekonomska istorija Evrope u XX veku*, 146.

[33] More details about diplomatic relations during 1934: М. Ристовић, "Предговор," (Foreword) In *Извештаји Министарства иностраних послова Краљевине Југославије*. Књ. 5, За 1934. годину, (Reports of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia. book 5, for the year 1934) ed. Јелена Ђуришић Нада Петровић (Београд: Архив Југославије, 2010).

[34] Milak, *Italija i Jugoslavija 1931–1937*, 98.

[35] Латиновић, "Југословенско-италијански економски односи (1934–1936)," 502–503; Milak, *Italija i Jugoslavija 1931–1937*, 103–106.

Kingdom of Yugoslavia respected the sanctions,[36] from November 1935 until July 1936,[37] which was reflected in the trade exchange between the two countries (Graph No. 1). V. Bajkić and V. Predavec published a text in the *Narodno blagostanje* stating that "Yugoslavia, among all the countries in the world, suffered the heaviest damage from the sanctions" and that "the sanctions became absolutely ridiculous and absurd in Central Europe. On one hand, Dr. Milan Hodža is negotiating an economic rapprochement of the Little Entente with the countries of the Roman Triangle, and on the other hand, we are applying sanctions against Italy."[38]

They also stated that "there was no trade-political possibility of redirecting the export of our products that we had previously sold in Italy." The negative effects of the sanctions were the frozen clearing balance of 250 million dinars[39] and the decreased trade exchange with Italy in 1935–1936. The export of goods was at its lowest in the interwar period, amounting to 137 million dinars, whereas import fell to 101 million dinars.[40] Besides financial losses, there was the problem of redirecting the export of certain items previously exported the Italian market, especially timber[41] and textiles. In 1935, the timber industry ex-

---

[36] On the session held on 15th November 1935 the Council of Ministers, at the suggestion of the Minister of Finance, came to a solution for the ban on importing into Kingdom of Yugoslavia all goods produced in Italy, with the exception of: gold and silver bars or money; books, newspapers, periodicals, maps and cartography works, musicalia, printed or engraved; goods that are due to be delivered, paid until 19th October of the current year; goods on their way, under condition that they arrived to the Kingdom no later than 18th December; baggage of passengers coming from Italy. "The ban of import in Yugoslavia of goods originally from Italy and its colonies, as well as ban of direct and indirect export from Yugoslavia to Italy, or its colonies." *Службене новине* (Београд), 16.11 1935, br. 266, 3.

[37] Б. Симић, *Милан Стојадиновић и Италија: између дипломатије и пропаганде* (Milan Stojadinović and Italy: between Diplomacy and Propaganda) (Београд: Институт за новију историју Србије 2019), 39–40, 50–51.

[38] В. Бајкић & В. Предавец, "Економске санкције према Италији," (Economic sanctions towards Italy) Народно благостање, 28. 03. 1936, 205.

[39] Ibid.

[40] *Statistički godišnjak 1940*, 234–35.

[41] The most important products were firewood, timber (round unprocessed), cut off, sawed (half processed), railway sleepers and wood products, which made 90% of all forestry exports, and timber made 60% to 75%. *Statistika izvoza i uvoza proizvod šumarstva Kraljevine Jugoslavije 1926–1935*, (The Statistics of Export Trade of Forest Industry of Kingdom of Yugoslavia 1926–1934) (Beograd: Ministarstvo šuma i rudnika, 1937), 18–25; M. Marinović, *Prilog proučavanju izvoza i uvoza šumskih produkata u kraljevini SHS za god. 1919. – 1924/5* (Study of Export Trade of Forest Industry in the Kingdom of SCS for years 1919–1924/5) (Beograd: Ministarstvo šuma i rudnika. Generalne direkcije šuma, 1926), XIX.

ported to Italy for 408 million dinars and in 1936, for 39 million dinars[42]– it was a significant loss, especially if we consider that soft wood of lower quality was exported to Italy, which Yugoslavia, besides Italy, exported only to England. Besides, Italy paid 15% in foreign currency, which was presented as a very favorable relation.[43]

In the second half of the 1930s, during the premiership of Milan Stojadinović,[44] the shaken trade between the two countries gradually began to recuperate, but Germany and its presence were crucially significant. The economic rivalry between Germany and Italy intensified from 1937, and Germany won this competition with its beneficial clearings and better industrial offer, i.e., with high quality and moderately priced goods.[45]

To improve their relations, Italy and Yugoslavia signed amendments to the existing trade agreement in September 1936 and March 1937, and then also series of Protocols[46] on the Permanent Italo-Yugoslav Economic Committee, which signaled a "new" stage in the economic cooperation of the two countries. There was an agreement on beneficial duty tariffs and concessions, the range of contingents of products increased, and on the decrease of duties for certain

---

[42] *Statistika izvoza i uvoza proizvod šumarstva Kraljevine Jugoslavije 1926–1935*, XII.

[43] В. Бајкић & В. Предавец, "Економске санкције према Италији," 205.

[44] About Milan Stojadinović and Italy note: Симић, *Милан Стојадиновић и Италија: између дипломатије и пропаганде* (Milan Stojadinovic and Italy: Between Diplomacy and Propaganda).

[45] On the economic relations between Germany and the Kingdom of Yugoslavia see: Milan Ristović, *Nemački "novi poredak" i Jugoistočna Evropa: 1940/41 – 1944/45. Planovi o budućnosti i praksa* (The German New Order and the South Eastern Europe) (Beograd: Vojnoizdavački i novinski centar, 1991), 10–21; Vinaver, *Svetska ekonomska kriza u Podunavlju i nemački prodor 1929–1934*; А. Митровић, "Нацистичка идеја великог привредног простора и југоисточна Европа: (1940)," (The Nazi idea of a large economic area and Southeastern Europe: (1940), *Зборник Филозофског факултета* 11, 1 (1970); А. Митровић, "Трећи рајх и италијанска привредна конкуренција у Југославији на почетку Другог светског рата: (1. септембар 1939 - 6. април 1941)," (The Third Reich and Italian economic competition in Yugoslavia at the beginning of the Second World War: September 1, 1939 – April 6, 1941), *Зборник Филозофског факултета* 14, 1 (1979); P. Hadži-Jovančić, "Ergänzungswirtschaft, Grosswirtschaftsraum and Yugoslavia's responses to German economic theories and plans for the Balkans in the 1930s," *Годишњак за друштвену историју* 24, 2 (2017).

[46] On these agreements: Additional protocols of 26th September 1936 and the Additional agreement of 25th March 1937, afterwards there were adopted "Protocols of session of Italo-Yugoslav permanent economic board": 8th July 1937, 17th January 1938 in Belgrade, 17th November 1938 in Rome, 10th June 1939 (confidential protocol about military acquisition), 3rd August 1939 in Rome, 24th October 1939 in Belgrade. The agreement on regulation of the trade exchange and payment was reestablished on 26th September 1936, and then on 7th January 1938. Đorđević, *Pregled ugovorne trgovinske politike*, 102–113.

Italian products, now competing with German products.[47] However, these new relations didn't have a significant impact on the trade range and exchange, which, after the sanctions, couldn't reach the exchange level from the 1920s (Graph No. 1). They were more a solution of current issues in the context of the changes on the European political scene, which spilled over onto the economic scene.

Import of textile products from Italy

The issue of textile products in Italian-Yugoslav trade relations had a special place in Italian export and Yugoslav import. The question of the import of textile goods, mainly cotton and cotton products, is important for several reasons. The import of textile products made up the bulk of the import in the Kingdom – until 1935, 30% of the all import was composed of textile products, and until the economic crisis 40% on average, because of which the balance of foreign currency exchange, maintaining its positive balance and surplus directly depended on the range of import of textile products. Because of this, it was in the interest of the Kingdom of Yugoslavia to decrease the import of textile products, whereas the interest of Italy was to increase it.

In the 1920s, the products of the Italian textile industry were the most widespread in the territory of the Kingdom. Although Yugoslavia, as a buyer of Italian goods, had an insignificant place in its total exports, certain products, such as cotton products, were imported in great amounts and reached up to ¼ of Italian total exports of those products.[48]

It has already been mentioned that Yugoslavia imported from Italy mostly textiles and textile products, and they made about 60% of imports during the whole interwar period. The highest amount was reached in 1920 and 1934 – 75%, and the lowest in 1929, 46%. In this type of export, the export of cotton and processed cotton products led the way with 75–80%. As for the total import of goods to the Kingdom from Italy, there was a supply of about 30%, which made it, together with Czechoslovakia and Austria, the main importer of textile goods.

Chart 1: Import of textile goods from Italy according to values in current prices, percentage share in the import total of textile goods, economic growth

Year	Import	%	Ec. Gr.
1920	957463.5	56.09%	
1921	558719	31.84%	-42%

[47] Milak, *Italija i Jugoslavija 1931–1937*, 154–158.

[48] Milak, *Italija i Jugoslavija 1931–1937*, 37–38.

1922	642129	26.91%	15%
1923	1015881	28.60%	58%
1924	1047496	31.85%	3%
1925	911277	27.46%	-13%
1926	561207	20.24%	-38%
1927	496584	18.93%	-12%
1928	505831	21.14%	2%
1929	381433	16.76%	-25%
1930	429065	20.14%	12%
1931	248962	17.55%	-42%
1932	164139	20.10%	-34%
1933	310706	32.68%	89%
1934	416656	36.29%	34%
1935	253052	22.51%	-39%
1936	59531	5.33%	-76%
1937	305629	21.39%	413%
1938	261001	23.82%	-15%
1939	341463	31.94%	31%

Resources:

Статистика спољне трговине Краљевине Југославије за 1920. годину, (Београд: Генерална дирекција царина Министарство финансија, 1921), 89–90;
за 1921. годину, (1922), 124–125; за 1922. годину, (1923), 120–121; за 1923. годину, (1924), 150–151; за 1924. годину, (1925), 135–136; за 1925. годину, (1926), 248–249; за 1926. годину, (1927), 391–393; за 1927. годину, (1928), 422–424; за 1928 годину, (1929), 555–557;
Статистика спољне трговине Краљевине Југославије за 1929 годину, (Београд: Одељење царина Министарство финансија, 1930), 511–513; за 1930. годину, (1931), 512–514; за 1931. годину, (1932), 528–532; за 1932 годину, (1933), 489–493; за 1933. годину, (1934), 478–483; за 1934 годину, (1935), 503–508; 1935 годину, (1936), 511–516; за 1936 годину, (1937), 495–497; за 1937 годину, (1938), 487–491; за 1938 годину, (1939), 474–477.

In 1920, the Kingdom imported textile goods from Italy amounting to 957 million dinars, which made 56% of the total textile import, 30% of import total of the Kingdom, and 75% of Italian exports to the Kingdom. As early as the following year, this import fell by about 40%.[49] Until 1924, when import of

[49] *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1920. годину, 89–90* (Foreign trade statistics of the Kingdom of Serbs, Croats and Slovenes for 1920, 89–90); *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1921. годину,*

textile goods was on its peak, reaching more than 1 billion dinars, a constant growth of import is notable, and later its constant fall. From 1920 up to 1924, the average import of textile goods amounted to approximately 844 million dinars, and from 1925 up to 1928, 618 million dinars.[50]

Although, there were fluctuations until 1929, the import of Italian goods to the Kingdom of Yugoslavia remained more or less stable. The average annual import of textile goods from Italy from 1920–1928 was 744 million dinars and 288 million dinars from 1929–1939. The decrease of almost 40% was a result of not only the mentioned political and economic factors, but also a consequence of the general decrease in the import of textile goods of about 50% during the same period. (Chart 1)

Graph No. 2 Import of textile goods from Italy according to values in current prices

Extensive import of textile goods was, on one hand, a consequence of the general need for goods in the first years after the war, as a brief exogenous influence, and on the other hand, it was a need of underdeveloped textile industry, i.e. the need of a developing industry for high-quality raw materials and semi-finished products. The poor quality of locally made raw materials or their unavailability, like cotton, but also the need for processed cotton products, e.g.,

---

124–125 (Foreign trade statistics of the Kingdom of Serbs, Croats and Slovenes for 1921, 124–125).

[50] *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1920. годину*, 89–90; за 1921. годину, 124–125; за 1922. годину, 120–121; за 1923. годину, 150–151; за 1924. годину, 135–136; за 1925. годину, 248–249; за 1926. годину, 391–393; за 1927. годину, 422–424; за 1928 годину, 555–557 (*Foreign trade statistics of the Kingdom of Serbs, Croats and Slovenes for 1920*, 89–90; for 1921, 124–125; for 1922, 120–121; for 1923, 150–151; for 1924, 135–136; for 1925, 248–249; for 1926, 391–393; for 1927, 422–424; for 1928, 555–557).

cotton yarn, constantly plagued the textile industry of the Kingdom due to its underdeveloped agricultural sector and the lack of textile spinning mills and technically advanced factories.[51]

The economic crisis led to a decrease in Italian exports to Yugoslavia. The problems and consequences of the crisis, quickly reflected in trade, strict limitations of imports and exports, strong state interventionism, foreign currency restrictions and other measures implemented to protect the national economy led to a drastic decrease of trade exchange. In 1931, Italian import decreased by 37% compared to 1930, and the import of textile goods by 42%.[52]

The trade agreements from 1934 and the sanctions against Italy in 1935–1936 additionally affected in a negative way the import trend, so in 1936, the import of textile goods from Italy amounted only to 59 million dinars.[53] It was the sanctions and the strengthening of autarchy in Italy[54] that made the import of cotton yarn, the main import item, a huge problem for the entire textile industry. While the sanctions were in place, the import of cotton yarn from Italy to Yugoslavia was banned, which meant that the textile industry lost its most favorable market for import. Italy was replaced by Czechoslovakia, with somewhat higher prices and expenses, for certain kind of goods even 50% higher. However, Czechoslovakia soon limited and redirected its export of yarn to clearing countries, which practically left Yugoslavia unable to procure cotton. As a result, the textile industry struggled to procure cotton until the war.[55]

Although the import of textile goods recorded a positive increase 1937–1939 (represents 30% of total textile imports), the change in foreign trade with Germany was undeniable. We shall mention one example: on the sessions of the Permanent Economic Committees of the two countries, the Italians often demanded a decrease of duties for their goods, like certain kinds of artificial woolen yarns, fiocco yarns, silk cloths..., because Italy was the main exporter of them, until the crisis, but in the pre-war years, Germany gave substantial privileges for import of the mentioned goods, which resulted in a decrease of import from Italy.[56]

---

[51] Ј. Рафаиловић, *Развој индустрије на Балкану: текстилна индустрија у Краљевини Срба, Хрвата и Словенаца и Бугарској* 1919–1929 (Development of industry in the Balkans: textile industry in the Kingdom of Serbs, Croats and Slovenes and Bulgaria 1919-1929) (Београд: Институт за новију историју Србије), 2018.

[52] *Статистика спољне трговине Краљевине Југославије за 1931. годину*, 512–532; *Статистика спољне трговине Краљевине Југославије за 1930. годину*, 512–514.

[53] *Статистика спољне трговине Краљевине Југославије за 1931. годину*, 511–516.

[54] Look for more: Berend, *Ekonomska istorija Evrope u XX veku*, 129–146.

[55] Бајкић & Предавец, "Економске санкције према Италији," 205.

[56] Arhiv Jugoslavije, fond 76 Centralna industrijska korporacija, f – 58, Savez tekstilnih industrija Kraljevine Jugoslavije, Referat po pitanju uvoza fiocco – Zellwolle i lanitala, 2.11,1938

It is clear from all of the above that the Italian role in foreign trade declined from year to year, as a reflection of the German domination and the political-economic decisions of Italian authorities. This analysis indicates a decline of import of Italian products in the Kingdom: the cumulative rate of import from Italy was negative and decreasing by 4%, while Italy's share in import compared to other countries fell by 6%. The export of goods to Italy followed a similar scenario; the value of goods increased by 3%, while the share decreased by 4%. Annual export and import rates varied – the most significant decrease and increase were recorded at the end of the 1930s – a 330% increase between 1936 and 1937 and a decrease of 70–80% during 1935–1937, the years when the sanctions were enforced. The cumulative and aggregate annual rate of export increases of textile goods from Italy reflected the general trends and also fell by 5%.

This hypothesis – that the decrease of import from Italy was a consequence of the German presence and the Italian foreign policy – are certainly important for understanding the context in which all foreign trade unfolded. However, the analysis and comparison of the import trends from Italy and import of textile goods, should take into account that the Yugoslav industry made some advances, as Ivo Belin predicted in 1930: "...a notable decrease of Italian exports to Yugoslavia should be attributed to the fact that Italy exported to Yugoslavia primarily textile goods, while Yugoslavia made the most significant advances in the textile industry of all industry branches..."[57] The falling import trend of textile goods from Italy (except for 1935–1936) suggests a similarity and correlation of 0.8. The mentioned analysis also indicates that the export decrease of textile goods from Italy, in terms of its value, wasn't only a consequence of the German presence and, to an extent, other political events, but also a result of Yugoslavia's changing import structure.

The change in the country's import structure was primarily reflected in the import of cotton, with import of raw cheap cotton increasing and the import of expensive semi-finished products falling. Vladimir Pertot argues that this was a result of the substitutive function and decrease of cotton prices on the world market between the two wars.[58] We shall mention the example of the import of semi-finished products and the increase of raw cotton import from Italy. The

---

(The Alliance of Textile industries of Kingdom of Yugoslavia, the Study on import of fiocco – Zellwolle i lanitala 2 November 1938); AJ, 76, 58, Savez tekstilnih industrija Kraljevine Jugoslavije, Uvoz i prerada veštačkog predivnog materijala Fiocco i Zellvolle, 21.10.1937 (The Alliance of Textile industries of Kingdom of Yugoslavia, Import and fabrication of artificial yarn Fiocco i Zellvolle 21 October 1937); Milak, *Italija i Jugoslavija 1931–1937*, 158.

[57] И. Белин, "*Итало-југословенски привредни односи*", 252.

[58] V. Pertot, *Ekonomika međunarodne razmjene Jugoslavije. Knj. 1, Analiza razdoblja između 1919. i 1968. godine* (The International Trade of Yugoslavia, vol. I, The Study of the period from 1918 to 1968) (Zagreb: Informator, 1971), 88–93.

value of import of cotton yarn (raw cotton) was 38.6 million dinars in 1923 (4% of the total imports of textile materials from Italy), 58.7 million dinars in 1929 (15%), 106 million dinars in 1937 (35%);[59] while the value of cotton fabrics (semi-finished products)[60] amounted to 590 million dinars in 1923 (58%), 118 million dinars in 1929 (31%) and 34 million dinars in 1937 (11%).[61]

All of the above suggests that the decrease of imports from Italy wasn't just a consequence of the politics and economy of the great powers, but also of the changing needs of the Yugoslavian industry that is, the country's gradual industrialization and part of the wider question of whether and to what extent the industrialization of Yugoslavia could replace the import of finished products with its own production.[62]

Conclusion

Yugoslav-Italian economic relations were more than just ordinary trade and economic relations. Their evolution in the interwar period wasn't influenced only by their respective trade needs but also by political issues, such as demarcation, coming of the fascists to power and their policy towards Yugoslavia, the Italian invasion of Ethiopia, the founding of the Axis Alliance, the role of Germany in the economy of Southeastern Europe..., but also economic factors like post-war rebuilding and inflation, the Great Depression, sanctions against Italy, clearing agreements... A third factor was also at play: the economic development of the Kingdom of Yugoslavia thus changing import and export needs. The example of import of textile goods quantitatively demonstrated that these three factors shaped the Yugoslav-Italian economic cooperation.

---

[59] The customs paragraphs 274,2a concern cotton yarns single stringed over No. 12–29 and 274,1a Cotton yarns single stringed No. 12

[60] The customs paragraphs 277a and 277b covered smooth cotton cloths.

[61] *Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за* 1923. *годину*, 50–51; *Статистика спољне трговине Краљевине Југославије за* 1929. *годину*, 511–512; *Статистика спољне трговине Краљевине Југославије за 1937. годину,* 488–489.

[62] М. -Ж. Чалић, *Социјална историја Србије 1815–1941: успорени напредак у индустријализацији* (Social history of Serbia 1815–1941: slow progress in industrialization) (Београд: Clio, 2004), 408–409.

Bibliography

Archives

Archive of Yugoslavia, the fund of Central industrial corporation

Published historical sources

Statistički godišnjak 1929. I; *Statistički godišnjak 1933.* V.; *Statistički godišnjak 1934–1935.* VI.; *Statistički godišnjak 1940.* X. Beograd: Opšta državna statistika, Državna štamparija Kraljevine Jugoslavije, 1932, 1935, 1937, 1941.

Статистика спољне трговине Краљевине Срба, Хрвата и Словенаца за 1920(–1928) *годину*. Београд: Министарство финансија, Генерална дирекција царина, 1921(–1929).

Статистика спољне трговине Краљевине Југославије за 1929 (–1938) *годину*. Београд: Министарство финансија, Одељење царина. 1930(–1939).

Statistika izvoza i uvoza proizvod šumarstva Kraljevine Jugoslavije 1926–1935. Beograd: Ministarstvo šuma i rudnika, 1937.

Краљевина Србија и Краљевина Италија: документа, ed. Мирослав Перишић, Јелица Рељић, Александар Марковић. Београд: Архив Србије, 2019.

Newspapers

— *Народно благостање*
— *Нова Европа*
— *Службене новине Краљевине Срба, Хрвата и Словена*
— *Службене новине Краљевине Југославије*
— *Glasnik Zavoda za unapređenje spoljne trgovine Ministarstva trgovine i industrije*

Published sources and literature

Becić, I. "Statistika i karakter spoljne trgovine Kraljevine SHS 1919–1929". *Istorija 20. veka:* 33, 2 (2015), 57–72.

Berend, I. T. *Ekonomska istorija Evrope u XX veku: ekonomski modeli od laissez-faire do globalizacije*. Beograd: Arhipelag, 2009.

Đorđević, B. *Pregled ugovorne trgovinske politike od osnivanja države Srba, Hrvata i Slovenaca do rata 1941. godine*. Zagreb: Jugoslavenska akademija znanosti i umjetnosti, 1960.

Hadži-Jovančić, P. "Ergänzungswirtschaft, Grosswirtschaftsraum and Yugoslavia's responses to German economic theories and plans for the Balkans in the 1930s". *Годишњак за друштвену историју* 24, 2 (2017), 31–56.

Knight, P. *Mussolini and Fascism*. London and New York: Routledge, 2003.

Lakatoš, J. *Jugoslovenska privreda. Jubilarno izdanje "Jugosl. Lloyda"*. Zagreb: Jugoslovenski Lloyd, 1933.

Latinović, G. "Jugoslovensko-italijansko pomorsko rivalstvo na Jadranskom moru 1919-1929". *Istorija 20. veka* 35, 2 (2017), 59–70.

— "Yugoslav-Italian Economic Relations (1918–1929): Main Aspects". *Balcanica* XLVI (2015), 171–194.

Marinović, M. *Prilog proučavanju izvoza i uvoza šumskih produkata u kraljevini SHS za god. 1919. – 1924/5*. Beograd: Ministarstvo šuma i Rudnika. Generalne direkcije šuma, 1926.

Milak, E. *Italija i Jugoslavija 1931–1937*. Beograd: Institut za savremenu istoriju, 1987.

— "Kraljevina Srba, Hrvata i Slovenaca i Rimski sporazum (1922-1924)". *Istorija 20. veka : zbornik radova* 14–15 (1982), 131–172.

Pertot, V. *Ekonomika međunarodne razmjene Jugoslavije*. Knj. 1, *Analiza razdoblja između 1919. i 1968. godine*. Zagreb: Informator, 1971.

Ristović, M. *Nemački "novi poredak" i Jugoistočna Evropa: 1940/41–1944/45. Planovi o budućnosti i praksa*. Beograd: Vojnoizdavački i novinski centar, 1991.

Vinaver, V. "Svetska ekonomska kriza i jugoslovensko-italijanska trgovina (1930–1934)". *Časopis za suvremenu povijest* 8, 1 (1976), 39–68.

— *Svetska ekonomska kriza u Podunavlju i nemački prodor 1929–1934*. Beograd: Institut za savremenu istoriju, 1987.

Латиновић, Г. "Југословенско-италијански економски односи (1934–1936)". *Глас CDXXVIII САНУ,* Одељење историјских *наука* 18 (2018), 501–511.

— "Трст у југословенско-италијанским економским односима између два свјетска рата". *Зборник Матице српске за историју* 96 (2017), 109–122.

Митровић, А. "Нацистичка идеја великог привредног простора и југоисточна Европа : (1940)". *Зборник Филозофског факултета* 11, 1 (1970), 709–733.

— "Трећи рајх и италијанска привредна конкуренција у Југославији на почетку Другог светског рата: (1. септембар 1939 – 6. април 1941)". *Зборник Филозофског факултета* 14, 1 (1979), 407–422.

Рафаиловић, Ј. *Развој индустрије на Балкану: текстилна индустрија у Краљевини Срба, Хрвата и Словенаца и Бугарској 1919–1929*. Београд: Институт за новију историју Србије, 2018.

Ристовић, М. "Предговор". In *Извештаји Министарства иностраних послова Краљевине Југославије. књ. 5, За 1934. годину*, eds. Јелена Ђуришић Нада Петровић. Београд: Архив Југославије, 2010.

Симић, Б. *Милан Стојадиновић и Италија: између дипломатије и пропаганде*. Београд: Институт за новију историју Србије, 2019.

Чалић, М-Ж. *Социјална историја Србије 1815–1941: успорени напредак у индустријализацији*. Београд: Клио, 2004.

ISSN 0350-7653