

## TRADE RELATIONS OF BELGRADE FIRMS WITH GREAT BRITAIN AND GERMANY IN THE 1930s \*

### Abstract:

*The emergence of British and German capital on the domestic market after the WWI. Yugoslavia as a part of the «Grossraumwirtschaft». The dealings of Belgrade firms with their British and German partners, exports and imports, with the focus on textile industry.*

Both German and British capital emerged for the first time on Serbian market after the WWI. Until then, the impact thereof on Serbian economy was negligible, since the capital from Austria-Hungary dominated the Balkan states. These traditional economic ties with the Habsburg Monarchy are crucial for understanding how Serbia developed its trade relations with both Germany and Britain after 1918. Politically, Austria became a part of the Third Reich on the eve of the WWII, so that Austrian capital in then Yugoslavia was transformed into a German one. Besides, after 1918 Austrian banks played the leading role in bringing international capital in Yugoslavia. However, the relation between politics and economy became much closer in the interwar period, since the liberal economy started to loose its ground in favor of state intervention, even in countries like Great Britain which was considered as a birth-place of liberalism. In view of this consideration, the research of economic influences seems even more important, because it leads directly to a better understanding of political developments.

Before the WWI German and British capital penetrated the Serbian market in a different way, but in both cases on a very small scale. Whereas the Germans invested their capital through the banks, the British did it in the mines. German capital came into Serbia for the first time in the 1870s, whereas it was intensified in the next decade. By spreading their business network all over the Balkans, powerful German banks became a bulwark of the «Grossraumwirtschaft». The «Berliner Handelsgesellschaft» (BHG) started its business in Serbia when the Serbian government contracted a loan with an international consortium

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\* This article is part of the project, “(Un)successful integration – (un)finished modernization: international relations and development of Serbia and Yugoslavia 1921-1991” (147039), financed by the Serbian Ministry of science and ecology.

of which the BHG was a member. This bank was especially active in Serbia before the WWI.<sup>1</sup> However, the major exporter of capital at that time was France, whereas Germany suffered an acute capital deficit. The BHG tried to strengthen the German economic influence by transferring the capital from Paris into Serbia, and by turning the Serbian “Banka Andrejević i Ko.”<sup>2</sup> into a Hungarian-German joint stock company in 1908, thus creating an institution for supporting German import into Serbia and competing with the French capital. This attempt was, however, a failure.<sup>3</sup> On the other hand, the dealings of the firm “Neifeld” from Berlin were a success story: it was a major exporter of Serbian grains to Germany, with numerous agencies in Serbia.

Unlike the Germans, the British made no attempt before the WWI to invest their capital in Serbia through banks. However, they were very interested in Serbian mines throughout the 19<sup>th</sup> century, starting from 1830s when some of the lessees searched for the possibilities of exploitation. By the mid-19<sup>th</sup> century some financiers from Great Britain formed joint stock companies and were given concessions to search for copper, lead, zinc, mercury and paraffin. Those companies had mostly very limited resources and therefore their efforts did not bear fruit. A small number of lessees, representatives of multilateral companies, came to Serbia in the 1900s. The British financiers at that time had little interest in Serbian mines. They were interested mostly in overseas countries, and so they pooled their resources with financiers from other European countries to meet their ends.<sup>4</sup> It was only after 1918 that the serious exploitation of Serbian mines by British companies took place.

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<sup>1</sup> Before the WWI the BHG bank in Serbia merged with its partner, the Pester Ungarischer Commerzialbank. In this way, working under the cover of Hungarian capital, this Austrian bank survived on Serbian market despite the hard conditions of “customs war”. (Andrej Mitrović, Nemačko-bugarski ugovor o Borskom rudniku od 5. maja 1916, *Istorijski glasnik* 1-2/1979, 27-55).

<sup>2</sup> This bank was founded in 1882. The owners were Dimitirije and Lazar Andrejević, and their partner was Vasa Radulović. Since 1888 the bank has become a partner of Pester Ungarischer Commerzialbank. Thus, in its capacity of a representative of Hungarian capital, it was the creditor of many Serbian banks before 1914. During the “customs war” and the “annexation crises” (the international crises caused by the annexation of Bosnia and Herzegovina in 1908), it also did some of the intelligence work on behalf of the Austrian embassy. The political abuse of this bank led to some business difficulties and eventually to its closing at the beginning of the WWI. (Andrej Mitrović, Pester Ungarischer Commerzialbank na Balkanu do 1918. godine, *Zbornik Matice srpske za istoriju* 34/1986, 43-80).

<sup>3</sup> The BHG was soon afterwards forced to withdraw from Serbian market, which was soon taken over by the French-Serbian bank, founded in 1910. (Andrej Mitrović, Berliner Handelsgesellschaft i Srbija, *Zbornik filozofskog fakulteta* XV-1, 1985, 167-197).

<sup>4</sup> See: Danica Milić, Zakupci iz Engleske u srpskim rudnicima do Prvog svetskog rata, in: *Jugoslovensko-britanski odnosi*, Beograd 1988, 135-148.

The trade relations between Kingdom of Serbia and both Britain and Germany were intensified during the Serbian-Austrian “customs war” from 1905 to 1911. At that time Serbia strengthened its economic ties with Europe, thus turning its isolation from Austria-Hungary into an advantage: the processes of industrialization and modernization were advancing at a quicker pace. By the beginning of 1907 the Kingdom of Serbia already had 13 trade agencies in European countries, including the one in London and the other one in Berlin.<sup>5</sup> In this year the existing trade agreement with Germany from 1904 was supplemented, and another similar agreement was signed for the first time with Great Britain and Ireland. At the same time, German capital was given one of the most important concessions for the erection of a sugar plant in Belgrade.<sup>6</sup>

According to the trade agreement with Great Britain and Ireland from February 17<sup>th</sup> 1907, the export of agricultural products to Britain was free of duty, whereas Serbian import duty for tools and industrial machines from Britain was reduced.<sup>7</sup> For the first time, the import of Austrian industrial products to Serbia, such as railway facilities, agricultural tools, steel products and textile, as well as the import of paper, colors, oil and chemicals, was exceeded by import from Germany.<sup>8</sup> Just before the WWI the most of Serbian agricultural products previously exported to Austria-Hungary, changed their direction towards Germany and Belgium.<sup>9</sup> The main products exported to England were meat and bacon, whereas cotton fiber and yarn were mostly imported from there.<sup>10</sup> After 1918 the pattern of trade with both Germany and Britain remained mostly as it was at the time of the “customs war”.

The period of the “customs war” is also marked by serious attempts of both German and British capital to penetrate the Serbian market. The Germans invested in Serbia mostly by trade and loan.<sup>11</sup> Especially the “Deutsche Bank” gained importance at the time, as an instrument of political struggle for power in the East. Carl Fuerstenberg, the

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<sup>5</sup> D. Đorđević, *Carinski rat Austrougarske i Srbije 1906-1911*, Beograd 1962, 298, 300; The agencies were entrusted to private institutions: the London agency was run by the Izvozna banka (Export bank), whereas the one in Berlin was run by private persons. The London agency was soon turned into a state institution supported by the Ministry of Finance. (D. Đorđević, *Carinski rat...*, 301).

<sup>6</sup> D. Đorđević, *Carinski rat...*, 298, 301, 329-330, 392.

<sup>7</sup> D. Đorđević, *Carinski rat...*, 324-325.

<sup>8</sup> D. Đorđević, *Carinski rat...*, 486, 504-506, 693.

<sup>9</sup> D. Đorđević, *Carinski rat...*, 504-505, 518.

<sup>10</sup> D. Đorđević, *Carinski rat...*, 504, 505, 506.

<sup>11</sup> D. Đorđević, *Carinski rat...*, 504-505, 518.

manager of the BHG, was making an effort to secure the traffic line between Serbia and Germany through the German Lloyd. In November 1906 the “Deutsches Orient Handelssyndikat” (German Eastern Trade Syndicate) was founded in Berlin to foster German trade undertakings in the East, as well as the “Deutsch-serbische Handelsgesellschaft” (German-Serbian Trading Society) in the same year. Serbia was suddenly full of German traveling salesmen.<sup>12</sup> The British capital was, however, less successful. The attempt was made to draw the attention of British investors for establishing a society that would maintain river traffic on the Danube from Serbia to the Black Sea, and for the construction of railway line from Romania to the Adriatic Sea. However, a forceful diplomatic action of Austria-Hungary succeeded in changing the mind of British investors.<sup>13</sup> Anyway, the British were already investing in Serbian mines at a large scale, which would reach its climax in the interwar period.<sup>14</sup>

The British and the French always invested much more capital in the Kingdom of Yugoslavia than the Germans, until the late 1930s,<sup>15</sup> when German capital took over the Balkan region, helped by the “Anschluss” of Austria, occupation of Tchechoslovakia, and the systematic effort to create a “Grossraumwirtschaft” in the SE Europe. The economic relations with Germany were indeed never interrupted, not even after 1918. They were intensified in the 1930s, thus providing the continuity of German economic and political interest in this region. However, the British had their first closer contact with the Balkans during the WWI. The business conditions in the Kingdom of Yugoslavia were politically secured by the relations of the new state with the Western powers.

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<sup>12</sup> D. Đorđević, *Carinski rat.*, 363,380,305-306, 312,392, 639.

<sup>13</sup> Sir James Siveright from London, an ex minister of railway in Cape, was interested in investing in Danube river traffic to the Black Sea. He was also engaged in the Adria railway business. The British investors, however, did not believe this enterprise a profitable one. In the summer of 1906 a campaign for building this railway was launched by the journalist A. Steed and the honorary consul A. Tucker. Steed persuaded Sir James Siveright to form “The Balkan Railway Construction Syndicate”. In December 1906 “The Anglo-Balkan Syndicate Ltd.” was also formed, but it was all in vain, since its terms were unacceptable for the Serbian government. (D Đorđević, *Carinski rat.*, 311, 315, 316).

<sup>14</sup> The Anglo-Serbian Syndicate in London exploited in 1907 the copper mines Vis and Rebelj, whereas the “Srpski ispirajući i rudarski sindikat” (The Serbian Rinsing and Mining Syndicate) exploited gold from the Pek river since 1903, and lignite in Radenka mine from 1906. The “Rudna Glava” mine was exploited by “The Danube Mining Concession Ltd” from 1910. (D Đorđević, *Carinski rat.*, 518).

<sup>15</sup> Živko Avramovski, *Sukob interesa Velike Britanije i Nemačke uoči Drugog svetskog rata, Istorija XX veka, Zbornik radova II, Beograd 1963, 17.*

Yugoslav trade relations with foreign countries went through three different phases in the interwar period. After the WWI there was inflation, economic chaos and a great demand for goods in the country, the same as it was in every other European state. In order to protect domestic production and trade, the mercantilist measures were undertaken: safeguard duty, determination of quotas, currency regulations and buy-back agreements.<sup>16</sup> The trade between Britain and Yugoslavia was done by cash payments (in currency), and it was regulated by a few trade agreements.<sup>17</sup> The trade with Germany, however, was done by barter arrangements. Economic relations with Germany were renewed just after the WWI, and a government department for trade was established in London even in 1919. German industrialists and tradesmen showed a great interest in doing business in Yugoslavia. Some of their representatives traveled through the Balkans in the early 1920s to explore the business possibilities. German goods could already be found in Belgrade shops – mostly pencils, silverware, books, perfumes, machines and tools.<sup>18</sup>

The second phase of international trade between the World Wars is marked by trade agreements. The Kingdom of Yugoslavia concluded 20 such agreements on trade and shipping with different states from 1924 to 1932, which led to the opening of new markets and provided the continuity of trade relations.<sup>19</sup> The dates of signing these agreements with Britain and Germany point to the relevance of wider economic relations with Germany, in spite of the negative war experiences. The first bilateral trade agreement between Weimar Germany and the Kingdom of the Serbs, Croats and Slovenes was concluded in 1921, and supplemented in 1927.<sup>20</sup> Germany was interested in advancing the traffic in Yugoslavia. So the “Siemens”, together with some other German firms, took over the building of the Belgrade-Pančevo bridge. They were also interested in Yugoslav mines.<sup>21</sup> In 1925 the

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<sup>16</sup> Mirko Lamer, *Weltwirtschaftliche Verflechtungen Suedslawiens (Ein Beitrag zum Problem der Eingliederung der suedslawischen Volkswirtschaft in die Weltmarktwirtschaft)*, Zagreb 1933, 36.

<sup>17</sup> At this time, there was a trade gap with G. Britain. The trade agreement from 1907, which contained the most-favored-nation clause, was still in effect.

<sup>18</sup> Andrej Mitrović, *Die wirtschaftlich-politische Auffassung von Suedosteuropa in der Weimarer Republik*, *Balkanica* XII, 1981, 149-180, 157, 158, 161; *Nemačka obaveštajna služba u staroj Jugoslaviji II*, Beograd 1955, 8-9.

<sup>19</sup> M.Lamer, *Wirtschaftliche Verflechtungen...*, 39-41.

<sup>20</sup> Andrej Mitrović, *Deutschland und Jugoslawien 1919-1933*, *Zbornik filozofskog fakulteta* XII-1, 1974, 567-575, 571.

<sup>21</sup> Andrej Mitrović, *Die wirtschaftlich-politische Auffassung...*, 159-160; *isti*, *Kontinuitaet und Diskontinuitaet in der deutschen Sueosteuropa-politik 1914-1941*, *Balkanica* VIII, 1977, 559-572, 567.

Mitteuropaeische Wirtschaftstag<sup>22</sup> (Central-European Economic Council) was established in Vienna, as an international non-government organization for fostering economic relations with SE Europe. In the 1930s it became one of the most important representatives of German economic interests in the Balkans.<sup>23</sup> It is just then, in the early 1930s, that the first articles on the importance of SE Europe for the German economy were printed in German magazines. It was the continuation of the “Grossraumwirtschaft” conception, which will be elaborated further in the years to come.<sup>24</sup> On the other side, the new agreement on trade and shipping, in effect until the WWII, was signed with Great Britain in 1927 in London.<sup>25</sup>

The third phase of international trade (in the late 1930s) is marked by most-favored-nation clause, preferential duty and clearing agreements. These are all hallmarks of economic autarchy, caused by surplus product.<sup>26</sup> Another trade agreement with Germany was signed on May 1<sup>st</sup> 1934, again before the new agreement with Great Britain, which was signed on November 27<sup>th</sup>, 1936.<sup>27</sup> Payment agreement was signed with Germany on September 13<sup>th</sup>, 1932, introducing barter trade between the two countries. Accounts have been opened in Belgrade and Berlin for this kind of payments. The clearing payment was ratified by the trade agreement from 1934, and it remained the basis of Yugoslav-German trade relations until the outbreak of the WWII. Yugoslavia exported agricultural products and raw materials, and imported from Germany industrial goods and armaments, with special rates regulated by different contracts. A Yugoslav-German board held annual meetings to discuss problems in clearing payments.<sup>28</sup> The trade balance of Yugoslavia was always active, and therefore this country was having difficulties in collecting payments

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<sup>22</sup> On the organization and aims of this institution see: Friedbert Glueck, *Der Mitteleuropaeische Wirtschaftstag, Beispiel organischer Entwicklungsarbeit*, in: *Suedosteuropa- Schriften. Im Namen der Soe-Gesellschaft* hrsg. von Rudolf Vogel, 4. Band - *Wirtschaftswissenschaftliche Suedosteuropa Forschung. Grundlagen und Erkenntnisse*. Muenchen 1963, 109-116.

<sup>23</sup> Andrej Mitrović, *Die wirtschaftlich-politische Auffassung ...*, 157,158,161; *Nemačka obaveštajna služba...II*, 8-9.

<sup>24</sup> Andrej Mitrović, *Kontinuitaet und Diskontinuitaet...*, 567.

<sup>25</sup> The British have amended this agreement in 1935 with an extra clause, in order to help Yugoslavia to overcome its problems caused by the economic sanctions against Italy. This clause regulated the lowering of export duty on eggs, poultry and some extra quotas. It was in effect only until July 15<sup>th</sup>, 1936, when the sanctions were suspended. (M.Lamer, *Wirtschaftliche Verflechtungen...*, 41-44).

<sup>26</sup> M.Lamer, *Wirtschaftliche Verflechtungen...*, 41-44.

<sup>27</sup> Ž. Avramovski, *Sukob interesa...*, 27.

<sup>28</sup> Boško Đorđević, *Pregled ugovorne trgovinske politike od osnivanja Države Srba, Hrvata i Slovenaca do rata 1941. godine*, Zagreb 1960, 138-191.

from Germany. German economy showed the tendency towards total autarchy at that time, and Yugoslavia was destined by the Third Reich to be a part of the “Grossraumwirtschaft” and to supply Germany with strategic products. The lack of currency in both Germany and Yugoslavia induced these countries into the establishment of this kind of economic relations.

The trade relations with Britain, however, were completely different. In this period, they were passing through two subsequent phases. There was a trade surplus on Yugoslavian side since 1935. Therefore, a new agreement was signed on November 27<sup>th</sup>, 1936, to supplement the one from 1927. According to the already existing agreement, Yugoslav government issued import permits and supplied currency necessary for the import from Britain, which depended upon the export to that country. The issuing of these permits was unlimited, since the Yugoslav balance was still active. The last phase was marked by the armaments race between Germany and Great Britain, by demand for raw materials, and by the blockade of Britain by Germany since the beginning of the WWII. During this phase, Great Britain signed a Protocol on mines and metals with Yugoslavia in order to hinder, or at least reduce the export of strategic products from Yugoslavia to Germany. However, according to the “Landfried Protocol” from 1939, one part of strategic products was already intended for export to Germany, in exchange for military airplanes and armaments.<sup>29</sup> In April 1940 a temporary payment agreement was signed, and a special account was opened in the Bank of England for the payments concerning the export of mines and metals from Yugoslavia. The exporters of mines and metals were given cash from the National Bank of Yugoslavia, and a special account was also opened in this Bank for the payments of debt of the British subjects to Yugoslavia. With this money Yugoslav creditors were payed in sterling area. Finally, an agreement was signed on April 15<sup>th</sup> 1940, introducing three-month quotas of the highly important articles for Yugoslavia, exempt from the sea blockade.<sup>30</sup> This agreement was valid until the breakout of the war in Yugoslavia, in April 1941.

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<sup>29</sup> The Landfried Protocol was signed in Belgrade on October 5<sup>th</sup>, 1939, as to regulate the delivery of military equipment and armaments from Germany, in exchange for strategic products, such as metals and mines, from Yugoslavia. (Boško Đorđević, Pregled ugovorne trgovinske politike..., 174-175).

<sup>30</sup> Živko Avramovski, Jugoslovensko-britanski ekonomski odnosi u periodu između dva svetska rata, in: Jugoslovensko-britanski odnosi. Saopštenja sa okruglog stola održanog 23-25 sept. 1987 godine u

Anyway, the trade between Britain and Yugoslavia was not very intensive. The assortment, quality and price of Yugoslav export goods, as well as the payment in currency, were major problems. Yugoslavia mainly exported wood (timber and wood products), grains, hemp, hops, animal fats, eggs, wool, chemical products, poultry and mines. Great Britain imported agricultural products mainly from the overseas, and the quality of Yugoslav products did not match British standards. On the other side, British industrial goods were too expensive for Yugoslav customers. Yugoslavia imported from Britain mainly cotton products, food staples (groceries), anthracite, timber, woolen fabrics, coke, rubber and its products, oil and fats, combed wool, jute and textile machines.<sup>31</sup> The British products had to be paid for in currency, and the existing regulations on how to get cash from the state were very inconvenient for Yugoslav tradesmen. Submitting the customs declaration and of the tax payment certificate as a precondition for getting the cash money usually meant that a tradesman could not have paid for the goods in advance. So the British salesmen had to sell their merchandise on deferred payment, which was a considerable obstacle. The goods were mainly transported by land, via harbors in the North of Europe and by the German railways, by which favorable conditions were granted. There was no direct sea line, nor regular shipments between Britain and Yugoslavia.<sup>32</sup> There was a trade gap with Britain up to 1935, due to the constant lack of currency. Early 1930s brought a brief revival, due to depreciation of the pound during the depression, and in 1934 and 1935 there was an increase of exports to Britain, although the trade gap still existed.<sup>33</sup> The trade with Britain showed a surplus as late as in 1936, and this trend was continued in the following years. This was due to the fact that Yugoslavia introduced an import control in order to reduce its debt to non-clearing countries. On the other hand, this measure stimulated imports from Germany and also activated Yugoslav positive trade balance with Great Britain, so that from 1936 onwards Yugoslavia was able for the first time to export more goods to Britain than it was imported from there. From 1935 to 1937 Yugoslavia

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Kragujevcu, povodom 150 godina od dolaska prvog britanskog konzula u Srbiju, Institut za savremenu istoriju, Beograd 1988, 242-246.

<sup>31</sup> M. Lamer, *Weltwirtschaftliche Verflechtungen...*, 163; London Plans on Anglo-Yugoslav Trade "Push", *South Slav Herald (SSH)*, vol VIII, 4&5, May 1-16, 1939, str. 4.

<sup>32</sup> London Plans on Anglo-Yugoslav Trade "Push", *SSH*, vol VIII, 4&5, May 1-16, 1939, str. 4.

<sup>33</sup> Ž. Avramovski, *Jugoslovensko-britanski ekonomski odnosi...*, 263-264, 368-369

even imported gold ingots from Britain.<sup>34</sup> The British showed more interest in the Balkans after 1938, in order to suppress the German influence. After the Munich agreement in 1938, the British government through the Board of Trade seriously took in consideration its economic relations with the Balkan countries, and sent some economic experts to the field.<sup>35</sup> However, the German market was still more important for Yugoslavia, since the transport was far less difficult and the lack of currency was overcome by introducing barter trade.

The Belgrade tradesmen made numerous connections on European market during the “customs war”. In the interwar period the trade with Germany was much more intensive than that with Great Britain, which was clearly represented by the number of Belgrade firms trading with these countries: there were 26 firms trading with Germany, and only 15 trading with Britain. However, firms dealing only with Germany, or mainly with it, were very few: this country was usually one of many markets for Belgrade tradesmen. The economic policy of the Third Reich was to focus on individual firms in foreign countries rather than on foreign states. The objective was to diminish the control of the state over the firms, so that the German businessmen could more easily make profit dealing directly with the firms.<sup>36</sup> In view of this consideration, the research on business dealings of Belgrade firms with Germany was of a special importance.

To support this kind of business, specialized banks for trade with foreign countries, as well as bilateral commercial chambers were founded. Before the WWII there were two domestic banks in Belgrade (apart from Izvozna banka (Export bank) founded in 1901), dealing with export and import trade by supplying credit and business connections to tradesmen. Those were Mesarska banka (Butchers` bank), founded in 1905, and Trgovačko-kreditna banka (Trade and Credit Bank), founded in 1922. “Mesarska banka” started its business at the time of the “customs war” when Serbia was focused on finding new markets. It supported export of livestock and animal products to Central Europe,

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<sup>34</sup> Ž. Avramovski, *Jugoslovensko-britanski ekonomski odnosi...*, 246.

<sup>35</sup> Ž. Avramovski, *Sukob interesa...*, 62.

<sup>36</sup> Andrej Mitrović, *Nacistička ideja velikog privrednog prostora i Jugoistočna Evropa (1940)*, *Zbornik filozofskog fakulteta XI-1*, 1970, 709-731, 722.

mostly to Germany.<sup>37</sup> It also acted as an agent helping its clients by its connections in the country and abroad. The trade agreement between Yugoslavia and Germany from 1934 substantially helped its work. The export of livestock, meat and meat products to Germany, Austria and Tchechoslovakia constantly increased from 1935. Since these countries were politically unified in 1938, a wide market for export business was created for this bank.<sup>38</sup> Nevertheless, the “Mesarska banka” was a domestic firm: its founders and stockholders were exclusively local tradesmen.<sup>39</sup> One of the purchasers of this Bank was the export firm “Vojislav Petković i komp”<sup>40</sup>, founded by the teller and the administrator of the bank (Miloš Ristić and Nikola M. Stanarević). This export firm, owned by the vice-president of the Belgrade Chamber of Commerce, kept very intensive business relations with Germany in the late 1930s. It is mentioned in German documents as one of the most important supplier of leader, fur and chromium in Yugoslavia.<sup>41</sup>

“Trgovačko-kreditna banka” was founded in 1922, as a domestic firm.<sup>42</sup> It fostered the export of livestock and turkeys to Germany, England and Italy. The export to England stopped in 1940, when the sea blockade of British Isles threatened the security of transport. The major stockholder of this Bank was Ljuba Saraćević, manager of the “Izvozna banka”. He also founded a joint-stock company “Srbija a.d. za trgovinu i industriju” in 1940, which

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<sup>37</sup> It was founded with the original capital of 5,000.000 dinars. (*Compass. Finanzielles Jahrbuch* 1938, 226-227); *Analiza bilansa* 8/1937, 20 februar.

<sup>38</sup> The bank was financing exports to Italy from 1937, whereas it stopped financing exports for France in 1940. (AJ 65, 1125/2102; *Analiza bilansa* 9/1939, 4. mart).

<sup>39</sup> The founders were: Demča Stojanović, the president; Branko Starčević, the vice-president; Krsta Ginović, Mihajlo Stefanović, Rada V. Lukić, Momir Bojović, Bora Kostić Direktor: Budimir N. Pejović (*Compass* 1938, 226-227); The Supervisory Board: Joksim K Vuković, Đorđe Popara, Nastas Savić, Spira C Petrović (*Analiza bilansa* 8/1936, 22 februar). Stanko Knežević was one of the members of the Board, Sima Nikolić i Joca Svejkovski were among those of the Supervisory Board. (*Analiza bilansa* 9/1939, 4. mart).

<sup>40</sup> Vojislav Petković was a veteran of the Serbian and Yugoslav export trade. He exported fruits, mostly plums. He was one of the tradesmen who set Serbia free from the monopoly of the Austrian market. He was appointed a trade agent for Germany before 1914. (V. Bajkić, Vojislav Petković, *Narodno Blagostanje* 25, 22.jun 1940, 393, 394). Besides, he was one of the founders of the “Jugoslovenski Oniks a.d.” (Yugoslavian Onix Co.) in 1934, the president of the Board of the “Radio a.d.”, member of the Board of the “Jugoslovenski kreditni zavod” (Yugoslav Credit Institute) from 1938, and one of the founders and vice-presidents of Yugoslav-British Chamber of Commerce. (AJ 65, 1190/2174; *Analiza bilansa* 19/1937, 8. maj; *Analiza bilansa* 17/1939, 29 april; A New Bid to Expand Anglo-Yugoslav Trade, *SSH* 22 i 23/1939, vol VII, 16 jan-16 feb, str. 1).

<sup>41</sup> AJ 65, 1125/2102; Reichsstelle fuer Lederwirtschaft writes to RWM, 22.12.39. A list of the most important Yugoslav suppliers of leader and fur (PA-AA, Bonn, Ha-Pol IVa 110602); Reichsstelle fuer Eisen und Stahl writes to RWM 18-1-40; A list of the most important Yugoslav suppliers of chromium mine (PA-AA, Bonn, Ha-Pol IVa 110602).

merged with his bank in 1943. This fact also indicates that Saracevic kept very intensive business relations with Germany before the WWII.<sup>43</sup> Some shares of the “Izvozna banka” were held by the Germans as early as 1911.<sup>44</sup>

Bilateral chambers of commerce (Yugoslav-German and Yugoslav-British) were founded much later, in the 1930s. The National Committee of the Yugoslav-German Chamber (with a seat in Berlin) and the Yugoslav-British Chamber were both active in Belgrade. The former was founded shortly after the foundation of the bilateral chamber in Berlin by MWT, which included all German firms doing business in Yugoslavia. The first president of the Berlin Chamber was Dufour von Ferronce, a former German ambassador in Belgrade, later to be replaced by vice-president Carl Mueller, manager of the chemical concern “Ruetgerswerke”. The administrator of the Chamber was Dr Fritz Berthold, a veteran official of the NSDAP. The Chamber was founded by Max Hahn, leading man of the MWT. The National Committee of the Yugoslav-German Chamber was formed in Belgrade in February 1935, by people with business connections in Germany. The president of the Committee was Živojin Nešić, the manager of the “Weifert” brewery and of the “Kostolac” mine. The vice-president was Damjan Branković, the head of the Union of commission agents and one of the most illustrious Serbian businessmen. The secretary was Milan Lujanović, the representative of the Leipzig fair in Belgrade, and the treasurer Milivoj Kostić, a tradesman who exported plums to Germany at the time of “customs war”. This institution was supported by large capital and by old Prussian nobility.<sup>45</sup>

The dates of foundation of these two respective chambers of commerce confirm an already established fact that the economic relations with Germany were much closer than those with Britain. The British Chamber of Commerce for Yugoslavia was founded as late as 1938 in Zagreb, in connection with intensified “offensive” of the British against the German influence, and a year later also in Belgrade, on January 28<sup>th</sup> 1939. Its president

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<sup>42</sup> The bank management: Trifun J. Jović, the director; Čedomir J. Vuković, a Belgrade tradesman; Milan K. Antonijević, a Belgrade tradesman; Radomir G. Tomić, a Belgrade export tradesman. Original capital: 5,000.000 din. The bank owned a slaughterhouse in Velika Plana (AJ 65, 1144/2128).

<sup>43</sup> AJ 65, 1144/2128.

<sup>44</sup> Andrej Mitrović, Nemačko - bugarski ugovor., 27-55.

<sup>45</sup> All the distinguished members of the Chamber, both in Berlin and Belgrade, were freemasons: the manager of the National Committee of the Chamber in Belgrade Georg Saal, and Damjan Branković in Belgrade, who was even the high official of the Grand Loge of Yugoslavia. The Germans in the Chamber belonged to a fraction led by Wilmowsky and von Hassel, that opposed Neuhausen and Goering. Some of them took part in attempted assassination of Hitler in 1944. (Nemačka obaveštajna služba.. II, 158-161).

was Tihomir Panic, whom the English have described as an “outstanding Belgrade financier”. This institution was supposed to foster the expansion of the British trade in the Balkans. The representative of the London Chamber of Commerce, W.S.Stevens, was present at the opening of the Chamber. It gathered all the most prominent Yugoslav tradesmen and financiers, and it was until then the most serious tentative to promote trade with Britain and to hinder the “influx of barter trade”.<sup>46</sup> When this economic “offensive” of Great Britain started in 1938, the "United Kingdom Commercial Corporation" was founded in England as a joint-stock company. It was authorized by the state to buy for solid currency all the strategic raw materials necessary to the Germans, for which enterprise it was given an unlimited state credit. Above all, Yugoslav grains were bought by the British in this way. The total capital of 500.000 dinars was subscribed by the state.

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The attention should be drawn to the fact that the Yugoslav-British Chamber of Commerce was seated in Belgrade, whereas its Yugoslav-German counterpart was seated in Berlin, comprising exclusively of German firms and German businessmen. Only the National Committee, as a section of the Chamber, was seated in Belgrade. It certainly indicates that Yugoslavia was economically dependent on Germany and controlled by the Third Reich, as a part of the “Grossraumwirtschaft”.

Belgrade firms both exported to and imported from Germany, whereas import was almost the only sort of trade with Great Britain. However, two firms in Belgrade (out of 15 trading with Britain) sold their products to British mining companies and to their plants in the country. The “Rudasko i industrijsko a.d. Kosovo” (Mining and industrial comp. Kosovo) sold its coal almost exclusively to the “Trepca Mines Ltd”. The majority of shares in this company were held by “Prometna banka” (Sales bank) and its manager Miloš

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<sup>46</sup> Other founders were: Vojislav Petković, dr Milorad Đorđević, Nikola Savić, a representative of the “Trepca Mines Ltd”, and Čedomir Petrović. Vice-presidents were Voja Petković and Nikola Savić. Board members from Belgrade: dr Milorad Đorđević, Čeda Petrović, Pera Milanović, Edo Marković, Julius Hanau, Vlada Teokarević, Aca Pavlović, Sava Veljović, Milutin Perović, Svetislav Marodić, Dragan Milićević, dr Jovan Gašić. Members of the Supervisory Board were: Ljuba Mihajlović, Thomas Mapplebeck, Milija Pavlović, Vlada Mitić and Lazar Lazarević (A New Bid to Expand Anglo-Yugoslav Trade, *SSH* 22 i 23/1939, vol VII, 16 jan-16 feb, str. 1; Britanski kapital u Jugoslaviji 1918-1941. Njegova ekonomska, politička i obaveštajna uloga, Insitut za istorijska pitanja, Beograd 1951, 259-260).

<sup>47</sup> Britanski kapital..., 46, 260-261

Savčić.<sup>48</sup> The company was permanently in contact with London, which became very difficult from September 1939 on.<sup>49</sup> The “Hemikos, fabrika hemijskih proizvoda a.d.” (Hemikos company, the factory of chemical products), founded in 1920, was a part of Ilić concern. In September 1939 it bought 100t of chromium mine from the “Allatini Mines Ltd.” from Skoplje. Its shareholders were Belgrade businessmen with financial connections with the British: the “Fabrika Koste Ilića i sinova” (factory “Kosta Ilić & sons”), Vlada Ilić, Kosta Todorović, Rudolf Pilc, Milan Cvijanović, Karl Vajfert, Živojin Bošković (the architect), Aca Pavlović, Jovan Č. Marković (the lawyer).<sup>50</sup> Therefore, we can conclude that chromium mine and coal were the Serbian export articles to Britain, although on a very small scale.

Much more intense, of course, was the export to Germany. Export articles were mostly agricultural products and raw materials, such as: leader, fur, aluminum products and chromium mine. According to available documents, it seems that there were eight firms in Belgrade in the late 1930s which exported to Germany, although none of them exported their goods exclusively to Germany, and only two of them exported the majority of their products to Germany. Those were the “Jugoslovensko a. d. za izvoz kamilice” (The Yugoslav camomile export company), founded in 1935, and the “Predović a. d” (Predović comp.) founded in 1922 in Zagreb, which moved its seat to Belgrade in 1935. The former was exporting to Germany, because it was the only market for camomile in all Europe. One of its shareholders in 1938 was Belgrade lawyer Vjekoslav Kisovec, who was either the defense attorney or the shareholder of most of Belgrade firms with German capital. Therefore, he was very much dependent on the interests of German capital, both in his professional capacity and in his private business.<sup>51</sup> The latter, “Predović a. d”, was one of the companies that moved their seats from Zagreb to Belgrade in the mid-1930s. All of them had business dealings with Germany, either by trading, by credit, or by investments

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<sup>48</sup> Miloš Savčić was an engineer by education. He was an industrialist, an M.P, a Minister of civil engineering, and a member of the Democratic Party. He was also a major stockholder in most of the important firms and enterprises in the country, member of the Board of the National Bank, the “Prometna banka” (Sales bank), the “Prometno-izvozna banka” (Sales and Export Bank) from Skoplje, the “‘Srbija’ insurance company”, the “SARTID”, and many others. He was a man of high standing and excellent connections. He died on March 9<sup>th</sup>, 1941.

<sup>49</sup> AJ 65, 1181/2165

<sup>50</sup> AJ 65, 1200/2184

<sup>51</sup> AJ 65, 1171/2155

of German capital.<sup>52</sup> This firm exported eggs, poultry, livestock and meat, mostly to Germany, but also to Austria, Italy, Czechoslovakia, Britain, Palestine and Egypt. Export to Germany was done by clearing payments, but it was limited by regulations of the “Zavod za unapređenje spoljne trgovine” (Bureau for Fostering Foreign Trade), as was the case with “Jugoslovensko a.d.za izvoz kamolice”, and the prices were set by the “Savez industrijalaca za preradu mesa”. (Union of the meat manufacturers). One of the owners of this firm was Đuro Predović.<sup>53</sup> He stayed in Vienna in 1935, and was appointed the commissioner of the firm in 1941, as he enjoyed a complete confidence of the Germans. The seat of the firm was then moved to Zemun. Ljubomir Celegin, the member of the Board, and also a high official of the “Opšte jugoslovensko bankarsko društvo” (General Yugoslav Banking Society), is another person from this firm who connected this firm with German capital. The head of the “Predović a.d.” was Svetozar Simić, whereas the members of the Board were Milutin Stanojević, an export tradesman, and Milan Stefanović, the manager of the “Jadransko-podunavska banka”(Adria-Danube bank) and the president of Board in “Smederevska kreditna banka” (Smederevo credit bank). Stefanović was, however, the son of Mihajlo Stefanović, the member of the Board of “Mesarska banka”.<sup>54</sup> Therefore, it is transparent how domestic firms entered the network of foreign capital by personal and family connections.

The rest of the firms exported corn, grains, meat products and fish. There were also Russian emigrants among the owners of those firms: certain “Konstantin Ljbov & Kuzmihov” exported caviar and crabs to Germany in 1939.<sup>55</sup> The importance of the German market for Yugoslavia in 1930s becomes even more obvious in the case of the “Jugogren a.d.”, a firm founded in March 1937, which dealt mainly with exporting corn to western Europe and overseas. The major shareholder was a French firm, its capital was deposited in the “Jugoslovenska udružena banka”(Yugoslav Union Bank) founded by

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<sup>52</sup> When the seat was moved to Belgrade, the original capital was raised from 3,000.000 to 10,000.000 dinars. (AJ 65, 1240/2224)

<sup>53</sup> Predović was born in Stubica (present-day Croatia) in 1878. He founded a firm (“Predović, izvoz stoke i svinja”/Predović, livestock and swine export/), in Ljubljana (present-day Slovenia). He lived and worked in Zagreb from 1914, where he founded an export firm “Predović a.d.” (Predovic Co). (Koepfe der Politik, Wirtschaft, Kunst und Wissenschaft in Europa, Bulgarien, Jugoslawien, Ungarn, Neue Freie Presse, Wien 1937, 113-114).

<sup>54</sup> AJ 65, 1240/2224; *Compass* 1938, 121,225 and 226.

<sup>55</sup> Jugoriba, Konstantin Lbov, Kuzmihov, Balkancrevo. (PA-AA, Bonn, Ha-Pol IVa 110602, 19.12.39); Cereal Eksport, (PA-AA, Bonn, Ha-Pol IVa 110602, 28.12.1939.)

international, mainly British capital, and some of the shareholders and founders were anglophiles and francofiles (like Žarko N. Kalderon and Stevan Pavlović). Despite all that, the firm exported more and more of its goods to Germany, as it was unable to sell by reasonable prices in western Europe. However, one of the founders and a member of the Board in the “Jugogren a.d.” was Damjan Branković.<sup>56</sup> He was one of the most prominent businessmen in the Kingdom of Serbia and later Yugoslavia: the vice-president of the “Jugoslovenska udružena banka”, the member of the Board of the National Bank of Yugoslavia, the president of the “Beogradska tekstilna industrija a. d” (Belgrade textile industry) and the “Jugoslovenski Ganz a. d” (Yugoslav Ganz comp.), the member of the Board in the “Prvo jugoslovensko transportno a. d. Schenker & Co” (First Yugoslav transport comp. Schenker & Co”), the president of the “Vardar” bank, and of the store “Astra a. d. za hemijske proizvode” (Astra comp. for chemical products). His career started in 1894, when he became the head of the office in the factory of Minh brothers in Paraćin. His business connections with Germany were enormously useful to Serbia during the “customs war”. Besides, he was also a high-ranking freemason, which was very helpful in his dealings with the German business circles.<sup>57</sup>

According to German documents, a few of the Belgrade firms and businessmen sold leader, fur and chromium mine to Germany in the late 1930s. Among them are the above mentioned “Vojislav Petković i komp”, and Vlada Marković, the member of the Board in the “Zanatska banka” (Craftsmen bank), and of the head office of the Cement factory in Beočin. Oddly enough, a Jewish firm (“Flajšer i Čelebonović”) is mentioned in 1939 on the list of suppliers of leader and fur to Germany. Although the Third Reich expelled Jews from the firms owned by them, the Nazi ideology does not seem to have been an obstacle in dealings with foreign firms. The firms “T. P Naslas” and “A. Petrović i sinovi” (A.Petrović & sons) are singled out in German documents as absolutely reliable source of business information.<sup>58</sup>

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<sup>56</sup> AJ 65, 1247/2231; *Compass* 1938, 265.

<sup>57</sup> Koepfe..., 58.

<sup>58</sup> T.P.Naslas, A.Petrović i sinovi, Dušan Šain, M.S. Vučo, V. Petković i komp, Flajšer i Čelebonović, V. Mihajlović, “Hermelin”, Rauchwaren und Felle-Engros (Reichsstelle fuer Lederwirtschaft write to RWM 22.12.39. A list of the most important Yugoslav suppliers of leader and fur, PA-AA, Bonn, Ha-Pol IVa 110602); Kosović & Co, Kopaonik z.s.o.j. (ing. Davidović) Vlada Marković, Beograd, Vašingtona 46. (Reichsstelle fuer Eisen und Stahl writes to RWM 18-1-40). A list of the most important Yugoslav suppliers of chromium mine, PA-AA, Bonn, Ha-Pol IVa 110602). However, some Belgrade firms are mentioned in

The “Fabrika aluminijuma a. d” (Aluminum factory comp.) was founded in 1935. Its relations with Germany were manifold: purchasing machines<sup>59</sup>, hiring a German engineer for the construction of the aluminum-oxide plant near Šibenik, and the export of its products to Germany, and some other countries. As the above-mentioned firm, the “Jugogren a. d”, the example of this factory also shows how did people who were ideologically oriented towards western democracies often do the business with the Germans. Namely, half of the shares was held by Ivan Ivanović and his wife (who was at the same time the president of the Board) and his relatives Muičević brothers (dr Stojan and Milan), who were all related to the ship-owner Bozo Banac, a famous anglophile with good connections at both the British and the Yugoslav court. The Belgrade Jewish lawyer Sima Alkalaj, also well connected with the British capital (through Julius Hanau, major of the British Army and an intelligence officer), was also a shareholder of this factory.<sup>60</sup> Nevertheless, prospects for making money made these people do the business with the Germans. Those people certainly were very important persons in Yugoslav business circles of the time. The Prime Minister Milan Stojadinović personally inaugurated the factory in August 1937. Milan Lazarević, head of the Ministry of Trade and Industry, and also one of influential people in German financial circles, intervened in 1938 to urge the delivery of machines for the factory from Germany. There was a great demand for its products in Germany since the beginning of the WWII. In November 1939 a decree was issued by the governmental Department for mines and metals, according to which all exports and imports of their products depended on the National Bank’s permission. German capital had

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German documents without reference to the kind of goods they were delivering to Germany. Among them were J.A. Michels, a Hungarian agent of the “Wigglesworth & Co.” London., M.K. Stojić, and B.T.Novaković. The latter was exporting bearing springs. (A list of the most important Yugoslav suppliers of German import firms, 28.dec. 1939, PA-AA, Bonn, Ha-Pol IVa 110602; BA R7/4681; *ibid.* 8.1.40. PA-AA, Bonn, Ha-Pol IVa 110602).

<sup>59</sup> The machines and other facilities for their plant in Lozovac were bought from Brown Boveri & Cie, Mannheim, I.M Voith, St. Polten, dr Albert Lessing, Nuernberg, Joseph Voegele A.G. Mannheim, Siemens-Planiawerke A.G. Berlin-Lichtenberg, Wehrle-Werk A.G. Emmendingen, Tvornica vagona, Brod na Savi. (AJ 65, 1183/2167).

<sup>60</sup> There were many shareholders of this factory. Some of them were: Damjan Branković, Milan M Nikolić, dr Ivo Tartalja, Sima D. Alkalaj, dr Danilo Medaković, dr Stojan Muičević, Milan V. Muičević, Berthold Hoenigsberg. (AJ 65, 1183/2167) The management: dr Ivan Ivanović, the president; Jelka Ivanović, ing. Mihovil Kargotić, Damjan Branković, Milan M. Nikolić, dr Ivo Tartalja, Milan Milić, dr Niko Novaković, dr Danilo Medaković, ing. Maksimilian Uhlirz. Original capital: 10,000.000 dinars. The society owned an aluminum factory near the Krka waterfall and the town of Šibenik in Croatia, opened in summer of 1937. The factory produced mostly raw aluminum. They were supplied with electricity by the electric plant “Šupuk”. (*Compass* 1938, 256)

also an important role in dealings of this factory, when in 1939 it was supplied by a credit of 7.000.000 dinars from the “Opšte jugoslovensko bankarsko drustvo a.d.”, a bank dealing exclusively with German capital.<sup>61</sup>

However, due to the lack of raw materials and machines in the country, the import was much more important for the Belgrade firms than the export. Textile was one of the main import articles in Belgrade shops, and it was bought mainly in Britain, but also in Germany. The import from Britain included rubber and machines, whereas chemical products and metal were imported from Germany. There were three Belgrade firms that imported rubber from Britain, and only one that imported machines. According to dates from 1939, the “Boston a.d. fabrika obuće” (Boston comp, shoes factory), the “Rekord, tvornica gumenih proizvoda Josifa G. Čuljkovića a.d” (Josif G. Culjkovic`s, “Rekord” factory of rubber products), and the “Jugovulkan a.d” imported rubber from Britain and its colonies.<sup>62</sup> The machines from Britain by “James Mackie & Sons Ltd. Belfast”, were imported by the “Juta i konoplja a.d” (Jute and hemp comp.), owned by the Vienna firm of the same name, with 34% of British capital. In the late 1930s German capital overtook all the shares of this Belgrade firm.<sup>63</sup> However, the “Agentura za prodaju boja” (Agency for selling colors) was opened in Belgrade in 1933. An unknown Belgrade tradesman took on the management of the Agency as a representative of the British company “Messrs LB. Holiday & Co Ltd of Huddersfield”, which was doing packing and distribution of Yorkshire color. His plan was to sell these colors to Yugoslav peasants. This was the first appearance of the Yorkshire colors on the Balkan market. Previously, peasants made the colors by their own technology, but they were also using colors made in German factories. It was only when the pound lost gold backing that it became possible for domestic tradesmen to buy this product in Britain.<sup>64</sup> Germany was the most important supplier of the firm “Hemolabor a. d”, founded in May 1939. It produced and sold medical, cosmetic and

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<sup>61</sup> AJ 65, 1183/2167.

<sup>62</sup> A letter of the “Centrala industrijskih korporacija” (Industrialists` Corporation Center) on 27. 11. 1939, AJ 76-76-142; AJ 65, 1213/2197.

<sup>63</sup> AJ 65, 1207/219; This firm was founded at the end of the 19<sup>th</sup> century. It was owned by Miholjec family from Bačka Palanka. It was overtook in 1930 by the Vienna company “Jute und Hanf A.G.”, with 34% of British, 25% of the French and 41% of the German and Austrian capital. (Britanski kapital... 155) Its seat was moved to Belgrade in the same year, to the premises in Knežev Spomenik nr. 5. One of its managers was also Dragomir Stojadinović, the brother of the Prime Minister Milan Stojadinović, and Victor Wickerhauser, the representative of the British capital. (*Compass* 1938, 268).

<sup>64</sup> Yorkshire to Yugoslavia, *SSH* 12/1934, vol III, 16 avg, str. 1.

chemical products. It was a domestic firm, and its major shareholders were not high ranking industrials and businessmen, but private clerks and small merchants, Milorad Đurović and the Ristić family (Milorad, Bosiljka i Dragutin). This firm did not work during the WWII, in order to avoid collaboration with occupation forces.<sup>65</sup>

The importance of textile among all other imported goods is emphasized by the fact that there were several textile concerns in Belgrade importing from both Britain and Germany. In fact, most of the firms trading with Britain (altogether nine) were dealing with textile. As only domestic market was available for Yugoslav textile industry, there was no export of manufactured goods. Instead, raw material was imported and manufactured in the country, where the final products have been sold. Neither British nor German capital was invested in this line of Yugoslav industry, and no branch offices of either British or German textile firms were opened in Yugoslavia.<sup>66</sup> Beside six textile factories of minor importance (one of them, the “Moravija a. d”, was a part of the Belgrade branch of the Anglo-Tchekoslovakian and Prague Credit Bank, so being doubly connected with British capital<sup>67</sup>), and two bigger firms (the “Juta i konoplja a. d”, and the “Beogradska tekstilna industrija a. d”),<sup>68</sup> there were two major domestic textile concerns, Ilić and Teokarević, which imported raw material from England.<sup>69</sup> There was also a family textile concern in Belgrade that imported from Germany. It was comprised of three mutually connected firms. The "Dingarac, Stojanović i Goločevac" and the "Borislav P Ristić i Milošević, tekstilna industrija" were constantly buying from the same German

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<sup>65</sup>AJ 65, 1240/2224

<sup>66</sup> According to the dates from 1933, 24 firms in all the country, out of 46, were financed with foreign capital, mostly from Tchekoslovakia (232,1 mil. dinars). The Austrian capital kept the third place, with 46,8 mil dinars (from 1938 onwards this would also become a part of the German investment). Foreign capital was also invested in “Beogradska tekstilna industrija” (Belgrade textile industry), where the “Jugočeška a.d” continued its work from 1930. (Vladimir Rozenberg, *Inostrani kapital u jugoslovenskoj privredi*, Beograd 1937, 51-55).

<sup>67</sup> Božidar Jurković, *Das auslaendische Kapital in Jugoslawien*, Diss. Stuttgart, 1940, 355.

<sup>68</sup> Moravija a.d. fabrika pletenih proizvoda (Factory of woven fabrics), Šumadija a.d. fabrika trikotaže i rukavica (Factory of clothes and gloves), Obnova a.d. za iskorišćavanje sirovina (comp. for exploiting raw materials), Srdanović i ko, fabrika svilenih tkanina (Factory of silk fabrics), Fabrika kanapa, užarije i tekstilna industrija d/d/ (Factory of ropes and textile industry comp) Odžaci, Belgrade branch, Poenkareova str. 21; S. Mojsilović, Nikole S. Pašića 4; Juta i konoplja a.d; Beogradska tekstilna industrija a.d. (AJ 76-76-142, A list of the members of the Union of textile industries of the Kingdom of Yugoslavia from October 13<sup>th</sup>, 1936, referring to the import of cotton from Britain).

<sup>69</sup> A list of the members of the Union of textile industries of the Kingdom of Yugoslavia from October 13<sup>th</sup>, 1936, referring to the import of cotton from Britain, AJ 76-76-142.

firms during 1938 and 1939.<sup>70</sup> Both of them kept in touch with their German partners through their close business associates, the “Borivoj Karić i sin” (Borivoj Karić & son). Owners and major shareholders of these three firms also owned a dough factory, the “Dunavka a.d.” in Zemun, founded in 1934 with the original capital of 500.000 dinars,<sup>71</sup> and the “Zemunska tekstilna industrija a d.” (Zemun textile industry comp), founded in 1940 with the original capital of 4,000.000 dinars. The latter was working for German army, according to dates from 1942. The Board of the “Zemunska tekstilna industrija a d.” consisted of people from all three above mentioned firms: Rista Dingarac,<sup>72</sup> Borisav Ristić, Petar Stojanović, Milisav Milošević, Radomir Dingarac and Dragiša Milošević.<sup>73</sup> There was also another firm in Belgrade which bought cotton and woolen yarn from Germany in 1939, the “Domovinska industrija za pletenu i vezenu robu “Dom” a.d.” (Domestic manufacture of woven fabrics and embroidery). They were trading with German firms through domestic agents: Ilija K. Panić, “Davidović i ko”, and “M. S. Pardu”, all from Belgrade.<sup>74</sup>

The textile concern “Kosta Ilić & sons” is a very good example of both German and British influence in manufacturing technology. Kosta Ilić, the owner of so-called “cord factory” in Leskovac (opened in 1897), together with his sons, bought the factory of waterproof cloth in Belgrade from a German called Evgenije Mihel, in 1906. One of the major shareholders in this factory, which was also built in 1897, was Karl Wolf, a German industrialist and the owner of a hemp manufacturing plant in Vranje. Both of these plants then became the property of Ilić family. This is how the “Fabrika vunenih tkanina Koste Ilića Sinova i Komp” (Woolen fabrics factory of Kosta Ilić & sons comp)<sup>75</sup> was founded. It became a joint stock company in 1910, with the original capital of 3,000.000 dinars in

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<sup>70</sup> Wilhelm Brass & Soehne in Hohenstadt (Maehren); Brueder Perutz, Prag; Kleinmuenchner Baumwoll-Spinerei und mechanischen Weberei, Linz a.D.; Christ. Fischer u. Soehne, Asch in Boehmen. (AJ 76, 83-156).

<sup>71</sup> AJ 65, 1169/2153

<sup>72</sup> He worked as freight forwarder in the Ministry for feeding and rebuilding of the country in 1919, when he was dismissed. (AJ 39, Ministarstvo zdravlja i narodne ishrane, the dossier of Rista Dingarac).

<sup>73</sup> AJ 65, 1204/2188

<sup>74</sup> Their German suppliers were: Lenz und Hirschfeld, Bremen; Hermann Schubert, Zittau (through their agent, the firm “Davidović i ko”); Neudeker Wollkaemmerei & Kamgarnspinnerei A.G, Neudek (through Ilija K. Panić); Lenz & Hirschfeld Baumwollboerse, Bremen (through the firm “M.S.Pardu”, Beograd).(AJ 76, 83-156).

<sup>75</sup> Nikola Vučo, Tekstilna fabrika na Karaburmi od 1897 do 1941 godine, *Godišnjak grada Beograda* XXII/1975, 117-137, 118; Milivoje M. Kostić, *Uspon Beograda II*, Beograd 2000, 127-130.

gold. Most of the shares were in the hands of Ilić brothers, but a great deal was also owned by the “Srpska banka” (Serbian bank) in Budapest. The shares of this bank were actually owned by the great Serbian industrialist, Laza Dundjerski, who was related to Kosta Ilić by the marriage of his granddaughter to Kosta’s son, Vlada. The company was engaged in building plants, in opening branches, and in industry and trade.<sup>76</sup> The Ilić family bought the textile manufacture "Crompton Ltd" in Belgrade from the “Ungarische Textilindustrie” (Hungarian Textile Industry), thus acquiring English textile manufacturing technology. Incidentally, the Dundjerski were among the shareholders of the “Ungarische Textilindustrie”. This plant was a successor of the spinning manufacture "Heterley & Crompton". Its agent, Belgrade tradesman Boža Živković, had built a spinning workshop with a loom invented by an Englishman, by the name of Heterley. It was a very advanced machine for its time. The acquiring of this manufacture with English technology was very important for the future development of the Ilić concern.<sup>77</sup> After the WWI the rebuilding of the Ilić manufacture was financed by the National Bank, and by war reparations from Germany, with a total sum of 9.720.000 dinars. It was mostly supplied with raw materials and machines from Germany and Britain. The equipment for Californian yarn was ordered from the most famous British manufactures. Wool was mostly bought in Australia, and cotton yarn in Austria, Netherlands and Italy. British looms of the latest type, bought in Hungary, were used in cotton manufacture. However, they imported from Germany machines produced in the best of German textile manufactures, and they also engaged workers from there.<sup>78</sup> In the 1920s the Ilić brothers opened a ready-made clothing factory, together with the Vienna firm “M. Neumann Soehne & Co”, whose machines and experts they have taken over. They have also bought shares of several domestic firms, as well as those of the textile plant “Mautner” from Vienna, and of the textile machine plants “Industrie und Handel A. G.” from Kemnitz. The latter also supplied the Ilić brothers with technical facilities.<sup>79</sup> At this stage, the great concern of the Ilić brothers was formed,

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<sup>76</sup> Nikola Vučo, *Tekstilna fabrika..*, 119-120.

<sup>77</sup> Nikola Vučo, *Tekstilna fabrika..*, 119-121.

<sup>78</sup> Before the WWI they bought machines from “Elsaessische Maschinenfabrika A.G”, “C.G. Haubold” and “Parnitz”. After the war they bought 15 looms and an advanced machine by the German firm "Georg Schwabe", and the electric motor from the Austrian firm “Ganz & Co”. Several experts, Tchecks, Austrians and Germans were employed in this factory. (Nikola Vučo, *Tekstilna fabrika..*, 122-134).

<sup>79</sup> Nikola Vučo, *Tekstilna fabrika..*, 124-125.

comprising of several domestic enterprises.<sup>80</sup> In the late 1930s their factory was rapidly recovered due to the government loan from 1931-1933. Its business flourished from 1939, when they supplied the Yugoslav army with substantial amount of cloth.<sup>81</sup>

After the death of his brother Sotir, Vlada Ilić took over the presidency of the Board of a whole concern. Vlada Ilić was an outstanding representative of Belgrade business and political elite in the late 1930s. He was related by marriage to the great land-owning Dunderski family, and apart from being one of the most prominent industrialists in Belgrade and Serbia, he was also the Mayor of Belgrade from 1935 to 1939, the president of the “Beogradska Industrijska Komora” (Chamber of Belgrade Industrialists), and of the “Centrala Industrijskih Korporacija” (Industrialists` Corporation Center). He was trained in textile business in Germany at the end of the 19<sup>th</sup> century. It was in Vienna and Aachen that he graduated and learned about textile facilities and the organization of great textile manufactures. Returning to Belgrade, he initiated the building of the textile factory. He was also engaged in social welfare. After the German model, he was building flats for his workmen, schools and kindergartens for their children, and he provided them with medical care. His family house at the banks of Danube is still one of the most beautiful palaces in Belgrade. After 1945 he emigrated and died in 1954 far from his country.<sup>82</sup>

Another Belgrade textile concern, the “Industrija vunениh tkanina Vlada Teokarević i Komp” (Industry of woolen fabrics Vlada Teokarević & Co), imported raw materials exclusively from Britain and its colonies, and textile machines from both Britain and Germany. The Teokarević family had business relations with the Ilićs. The father of Vlada Teokarević, Mita, founded the first cord manufacture in Leskovac together with Kosta Ilić. Later on, Mita`s sons, Vlada and Laza Teokarević, were working in the factory of “Kosta Ilić & sons” in Belgrade.<sup>83</sup> Vlada Teokarević, being a great industrialist, lived in Belgrade, whereas his factory and its management were situated in Paraćin, the Serbian town. Vlada

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<sup>80</sup> There were several firms in this concern: a bank in Leskovac, a factory of woolen and cotton cloths in Leskovac, “Prva srpska fabrika konfekcije a.d.” (First Serbian factory of ready-made clothing. in Belgrade), “Fabrika vunениh tkanina Vuna d.d” (Factory of woolen clothes Wool co). in Gornji Karlovac, “Srpska fabrika tepiha Laze Dunderskog (Laza Dundjerski`s Serbian factory of carpets) in Bečkerek, “Prva srpska fabrika mreža a.d.(First Serbian factory of nets Co) in Bečkerek, “Parni mlin "Srbija”” (Steam mill “Serbia”) in Skoplje, “Fabrika hemijskih proizvoda "Hemikos” (Factory of chemical products) in Belgrade. (M. Kostić, Uspon Beograda II, 127-130).

<sup>81</sup> Nikola Vučo, Tekstilna fabrika..., 126; M. Kostić, Uspon Beograda II, 127-130.

<sup>82</sup> Nikola Vučo, Tekstilna fabrika..., 118; M. Kostić, Uspon Beograda II, 127-130; Koepfe..., 70-71.

<sup>83</sup> M. Kostić, Uspon Beograda, 127-130.

Teokarević gained the knowledge about textile industry in Germany, France and Britain, and later on he founded his own firm in 1920. Like Vlada Ilić, he was one of the most prominent businessmen in Belgrade in those days, as he was the member of the Supervisory Board of the National Bank of Yugoslavia, of the Board of Belgrade Chamber of Industry, and of many other industrial, social and cultural organizations and unions.<sup>84</sup> Being also well connected with the British capital, he was a member of the Supervisory Board of the Yugoslav Union Bank, where the majority of shares were British. In his factory there were spinning mills, where clothes like serge, mohair, and alpaca were produced.<sup>85</sup> This textile concern had the most advanced technology in the Balkans at the time, its quality matching even the British textile industry. They imported wool from Australia and New Zealand, and machines from Britain and Germany. A member of Teokarević family, Slavko, lived in an “American style” house. After the British model, his factory in Paraćin had a swimming pool and a tennis court for its workers. They also produced textile for the army, like the Ilić concern.<sup>86</sup>

Finally, let us put a few conclusive remarks. There was a considerable difference in both the volume of trade and the way it was conducted between Germany and Yugoslavia on one side, and Britain and Yugoslavia on the other. The trade with Germany was much more intense, and it was done according to clearing agreements, whereas the goods from Britain were paid in currency, which was very scarce. Despite the enmities caused by war, the economic relations with Germany were much closer. This is also shown by two facts: firstly, trade agreements were always signed with Germany before those with Great Britain, and secondly, the total number of Belgrade firms dealing with Germany was much greater than of those dealing with Britain. This difference is the result of economic structure and the lack of currency in both Germany and Yugoslavia, as well as of some transportation problems. The Balkan region represented a “supplementary” economy for Germany in the 1930s: these two economies complemented each other. The lack of currency was overcome by barter arrangements. However, there were transportation and

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<sup>84</sup> Koepfe., 138.

<sup>85</sup> A letter of the “Teokarević” concern to the “Savez tekstilnih industrija KJ” (Union of textile industries of the Kingdom of Yugoslavia) 20. 10.1936, AJ 76-76-142.

<sup>86</sup> Three Brothers Found Finest Cloth Factory in Yugoslavia, *SSH* 20/1938, vol VII, 16-31 dec, str 4.

payment problems within the British-Yugoslav trade. The assortment, quality and price of Yugoslav export articles were unsuitable for the British market, whereas British industrial products were too expensive for Yugoslav customers. Thus, the political reasons could not prevail over the economic ones.

The political ambitions of the Third Reich greatly influenced its economic relations with Yugoslavia. In conducting the policy of the “Grossraumwirtschaft”, the decision-makers of the Third Reich were focused on contacts with the foreign firms, rather than on those with foreign states. They were set on diminishing the state control over firms, in order to make German businessmen achieve their goals more easily. The difference in approach of Britain and the Third Reich to their economic (and also political) relations with Yugoslavia is also shown by the fact that the Yugoslav-British Chamber of Commerce had its seat in Belgrade, whereas the seat of the Yugoslav-German Chamber of Commerce was in Berlin. British trade was much more oriented towards overseas countries, and it got more interested in the Balkans only after 1938, with the sole motive of suppressing the German influence.

Belgrade firms both imported from and exported their products to Germany, whereas from Britain they only imported. The export articles for the German market were mostly agricultural products and raw materials. There were altogether eight firms dealing with export to Germany in the late 1930s. The import business was much more important for Belgrade businessmen, due to the lack of certain raw materials and machines on domestic market. One of the most important import articles was textile, mostly imported from Britain, and much less from Germany. How important textile business was at this time in Belgrade, is shown by the fact that there were two great textile concerns that imported textile raw materials from both Britain and Germany (but especially from Britain). Both the Ilić and Teokarević concerns were connected in many ways with Britain and Germany: by importing machines and workers from Germany, machines and raw materials from Britain, and by adopting British methods of manufacturing their products. Belgrade businessmen often entered the sphere of influence of foreign capital by personal contacts and family connections.

### Rezime:

Nemački i britanski kapital posle 1918. godine prvi put započinje ozbiljan prodor na domaće tržište. U isto vreme u svetskoj privredi dolazi do napuštanja principa čistog ekonomskog liberalizma, a državna intervencija u privredi postaje sve češća. Privredni uticaji, stoga, u razmatranom periodu direktno ukazuju na razvoj političkih događaja.

Pre Prvog svetskog rata nemački i britanski kapital počeo je da prodire na srpsko tržište na različit način, ali u oba slučaja u skromnim razmerama. Dok su Nemci pokušavali da plasiraju kapital preko banaka, Englezi su ulagali u rudarstvo. Doba carinskog rata (1905 -1911. godine) je vreme jačih pokušaja prodora nemačkog i engleskog kapitala u Srbiju. Tada se stvaraju i nešto intenzivnije trgovačke veze Kraljevine Srbije sa ovim državama..

Trgovinska razmena sa inostranstvom uopšte prošla je tokom međuratnog perioda kroz tri različite faze. Prva faza, neposredno posle Prvog svetskog rata, u kojoj je vladala potražnja za robom, inflacija i privredna dezorganizacija zemlje, obeležena je merama merkantilističke politike: visokim zaštitnim carinama, određivanjem kontingenata, deviznih propisa i sklapanjem ugovora o kompenzacijama. Drugu fazu međunarodne trgovine u međuratnom periodu (1924. do 1932) karakteriše sklapanje trgovinskih ugovora. Treću fazu koja se poklapa sa godinama pred Drugi svetski rat, karakteriše princip najvećeg povlašćenja, preferencijalne carine i klirinški ugovori. Ova faza je obeležena trkom u naoružanju između Nemačke i Britanije, potražnjom za sirovinama, i pomorskom blokadom od početka Drugog svetskog rata u septembru 1939. godine.

Trgovinska razmena sa Engleskom inače nije bila razvijena. Odvijala se putem plaćanja robe gotovim novcem, tj. devizama, i bila je regulisana putem nekoliko trgovinskih ugovora. Problem je bio u strukturi, kvalitetu i ceni jugoslovenskih izvoznih artikala, kao i u plaćanju konvertibilnom valutom. S obzirom da je engleska roba plaćana u konvertibilnoj valuti, tj. u sterlingu, za domaće trgovce je postojeća regulativa pribavljanja deviza od države bila veoma nepogodna. Razmena sa Nemačkom, međutim, odvijala se na bazi kliringa.

U trgovačkoj razmeni beogradskih firmi sa Nemačkom bio je zastupljen kako uvoz, tako i izvoz, dok se u razmeni sa Engleskom gotovo isključivo radilo o uvozu. Ove poslove su podržavale tri domaće banke i dve mešovite trgovinske komore. Izvoz u Nemačku bio je znatno intenzivniji. Izvozni artikli bili su uglavnom poljoprivredni i zemaljski proizvodi: koža, krzno, proizvodi od aluminijuma i hromna ruda. Iz Engleske su uvoženi tekstil, guma i mašine, a iz Nemačke hemijski proizvodi i metal. Za beogradske trgovačke firme uvozni poslovi su bili od daleko većeg značaja, što je bilo uslovljeno nedostatkom sirovina i mašina na domaćem tržištu. Tekstil je bio jedan od glavnih uvoznih artikala za beogradsku trgovinu, i uvezio se pretežno iz Engleske, ali i iz Nemačke. Značaj tekstila kao uvoznog artikla pokazuje i činjenica da su u ovoj grani postojali veliki tekstilni koncerni koji su, posebno iz Engleske, ali i iz Nemačke, uvezili sirovine. Najbolji primeri su tekstilni koncerni Ilića i Teokarevića: u vidu uvoza mašina i radne snage iz Nemačke, mašina i sirovina (uglavnom tekstilnih) iz Engleske, kao i preuzimanjem engleskih uzora u izradi određene vrste robe i njenog kvaliteta.

Putem ličnih i porodičnih veza, domaće institucije su ulazile u sferu uticaja stranog kapitala. Poslovna logika je bila dominantna, tako da ideološke predrasude nisu bile prepreka trgovinskim odnosima.