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Yugoslavia's Foreign Trade Network in Italy During Swinging Sixties and Long 1970s: Structural and Organizational Problems*

ABSTRACT: The article explores the Yugoslav foreign trade network in Italy during 1960s and 1970s, focusing on the institutional and organizational framework through which trade was conducted. The aim is to examine how state institutions, foreign branches, and economic enterprises interacted in practice, and to what extent they succeeded in building a coherent system of cooperation. Special attention is given to conflicts between producer and intermediary companies, the role of consulates and the embassy, and the effects of economic reforms such as the introduction of Basic Organizations of Associated Labor (OOUR). The analysis is based on archival documents from the Archive of Yugoslavia, consular correspondence, and internal reports of Yugoslav institutions operating in Italy.

KEYWORDS: Socialist Yugoslavia, international trade, Italy, post 1945 history, economic history, trade network

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Introduction

Trade relations between Italy and Yugoslavia, established immediately after the formation of the Yugoslav state, were rooted in a long history of exchange between the regions of the Apennine and Balkan Peninsulas. This economic exchange, grounded in centuries-old trade routes and historical contacts dating back to the ancient times, was of strategic importance to both sides.

Yugoslavia, as a country rich in natural resources, supplied the Italian market with basic raw materials–grains, meat, timber, and minerals. Major industrial centers in Italy, such as Milan, Turin, and Genoa, were in constant need of raw materials essential for their growing industries and urban expansion. At the same time, Italian cities, with their developed factories and modern industrial production, exported technological goods to Yugoslavia, such as machinery, textiles, tools, and chemical products.[1]

This structure of trade relations largely persisted throughout the interwar period, during the time of the Kingdom of Yugoslavia and the Kingdom of Italy. Italy remained one of Yugoslavia's main trading partners, and the exchange of goods continued to be based on the export of Yugoslav raw materials and agricultural products to Italy, while Yugoslavia imported Italian industrial goods and technical equipment. Although political relations between the two countries were marked by periods of political tensions,[2] economic cooperation continued to function, adapting to the dynamics of international relations.[3]

After the Second World War, both countries became republics and found themselves on opposite sides of the "Iron Curtain," in a Europe divided into two political and economic blocs. Italy became part of the Western capitalist world under the influence of the United States, while Yugoslavia, as one

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1 Jon Cohen, Giovanni Federico, *Lo sviluppo economico italiano 1820-1960* (Bologna: Il Mulino, 2001), 46–50;*The Economic history of Central, East, and South-East Europe (1800 to the Present),* ed. Matthias Morys (London: Routlegde, 2021), 190–192.

2 Although the territorial disputes between the two countries were eased after the signing of the Rome Treaties (1924), their competition for influence in Albania obstructed the development of cooperative relations between the two countries in the subsequent period; Massimo Bucarelli, *Mussolini e la Jugoslavia (1922-1939*) (Bari: Edizioni B.A. Graphis, 2006), 35–40.

3 For economic relations in this period see: Goran Latinović, *Yugoslav-Italian Economic Relations* (Banja Luka: Filozofski fakultet, 2019).

of the socialist countries, was initially closely aligned with the Soviet Union. Nevertheless, trade relations between the two countries did not come to a complete halt. After a brief interruption, efforts were made to renew them. A key moment in this process was the peace treaty signed in Paris in 1947, which created the conditions for the normalization of relations and economic cooperation.[4] Shortly thereafter, in November 1947, a new trade agreement was signed between the two sides. This agreement laid the foundation for the continuation of economic cooperation, even though political tensions continued to weigh on bilateral relations.[5] In this period, the import of technology from the West, and especially from Italy, had a profound impact on Yugoslavia's postwar economic restoration and industrialization.[6]

However, in 1948, a suprising turning point occurred–the conflict between the Yugoslav and Soviet leadership led to the Cominform Resolution and Yugoslavia's break from the Eastern Bloc.[7] This rupture with the Soviet

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4 Miljan Milkić, *Tršćanska kriza u vojno-političkim odnosima Jugoslavije sa velikim silama 1943–1947* (Beograd: Institut za noviju istoriju Srbije, 2012), 97–98.

5 Enes Milak, „Uspostavljanje trgovinskih odnosa između Jugoslavije i Italije 1945–1947. godine", *Časopis za suvremenu povijest,* br. 3 (1984): 85; See also: Miljan Milkić, „Obnova trgovinskih veza Jugoslavije i Italije posle Drugog svetskog rata", *Istorija 20. veka,* br. 1 (2016): 119–138; In regard to the importance of trade cooperation with Italy in the postwar period, the structural compatibility between the two economies, and Italy's overall role in bilateral relations, see the following works: Александар Ракоњац, „Економски аспекти сукоба Југославије са СССР-ом из 1948. године у светлу привредне сарадње са Западом (1945–1948)", *Зборник Матице српске за историју,* бр.1 (2024): 139–162; Александар Ракоњац, „Између Истока и Запада – Заокрети у југословенској послератној спољнотрговинској политици (1945–1952)", у *Нови хоризонти спољне политике Југославије*, ур. Јован Чавошки, Александар В. Милетић (Београд: ИНИС, 2023), 83–116.

6 For a more detailed discussion of the importance of Italian technology for the early development of the Yugoslav economy, see the following works: Massimo Bucarelli, „Tentativi di Ostpolitik in Adriatico: l'Italia e la trasformazione socialista della Jugoslavia", in *Un continente diviso. L'Italia, l'Europa orientale e la discesa della cortina di ferro*, ed. F. Caccamo (Milano: Franco Angeli, 2021), 213-241; Marko Miljković, „Making Automobiles in Yugoslavia: Fiat Technology in the Crvena Zastava Factory 1954–1962", *The Journal of Transport History*, no 1 (2017): 20–36; Aleksandrar Rakonjac, „Između transfera tehnologija i domaćih rešenja: izgradnja motorne industrije u Jugoslaviji 1945–1952", *Istorija 20. veka*, br. 2 (2022), 405–422.

7 More about Tito-Stalin split: *Jugoslovensko-sovjetski sukob 1948. godine. Zbornik radova sa naučnog skupa*, ur. Petar Kačavenda (Beograd: ISI, 1999); Darko Bekić, *Jugoslavija u*

Union opened the door for Yugoslavia's rapprochement with Western countries, including Italy in the following years.[8] Nevertheless, relations with Italy remained strained due to the "Trieste question," a territorial dispute that lasted until 1954.[9] Tensions were finally eased with the signing of the Memorandum of Understanding of London (1954), which effectively resolved the issue of Trieste's status and created the conditions for more stable economic and political relations between the two countries.[10]

Trade between Italy and Yugoslavia began to grow significantly, becoming an important link between the two countries.[11] Seeking to improve

hladnom ratu – odnosi sa velikim silama 1945–1955 (Zagreb: Globus, 1988); Branko Petranović, Savo Dautović, *Jugoslavija, velike sile i balkanske zemlje 1945–1948, Iskustvo „narodne demokratije" kao partijske države* (Beograd, Podgorica: Istorijski institut Crne Gore,1994); Ivo Banac, *Sa Staljinom protiv Tita, Informbirovski rascjepi u jugoslovenskom komunističkom pokretu* (Zagreb: Globus, 1990); Tvrtko Jakovina, *Socijalizam na američkoj pšenici (1948–1963) (*Zagreb: Matica hrvatska 2002)

8 Yugoslavia signed a "Military Assistance Agreement" with the United States in 1951, followed by the 1953 "Balkan Pact" and the 1954 "Treaty of Bled" which established a military alliance with Greece and Turkey, both NATO members; Dragan Bogetić, *Jugoslavija i Zapad, 1952–1955. Jugoslovensko približavanje NATO-u* (Beograd: Institut za savremenu istoriju, 2000). See also: Ivan Laković, Dmitar Tasić, *The Tito-Stalin Split and Yugoslavia's Military Opening Toward the West, 1950–1954: In NATO's Backyard* (Lanham: Lexington Books, 2016)

9 The "Trieste question" has received considerable attention in historiography; Diego de Castro, *La questione di Trieste. L'azione politica e diplomatica italiana dal 1943 al 1954* (Trieste: Lint 1981); Bogdan Novak, *Trieste, 1941–1954: the ethnic, political, and ideological struggle* (Chicago: University of Chicago Press, 1970); Jože Pirjevec, *'Trst je naš!'. Boj Slovencev za morje (1848–1954*) (Ljubljana: Nova revija, Zbirka Korenine, 2007); Federico Tenca Montini, *Trst ne damo. Jugoslavija i Tršćansko pitanje 1945–1954* (Beograd: Akademska knjiga, 2025)

10 Dragan Bogetić, Bojan Dimitrijević, *Tršćanska kriza 1945–1954: vojno-politički aspekti* (Beograd: Institut za savremenu istoriju, 2009), 31; See also: Saša Mišić, „Normalisation of Political Relations Between Yugoslavia and Italy after the Memorandum of Understanding", in *Serbian-Italian Relations: History and Modern Times*, eds. Srđan Rudić, Antonello Biagini (Belgrade: The Institute of History, Roma: Sapienza University of Rome, Research center CEMAS, 2015), 261–285.

11 However, the development of economic relations was hindered by Italy's increasing integration into the European Economic Community, which entailed the implementation of protectionist measures, particularly in the sector of agricultural imports; Benedetto Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980* (London: Palgrave Macmillan, 2016), 35–37; For a more detailed analysis of the political and economic re-

what it regarded as underdeveloped trade relations, Yugoslavia established an extensive commercial network in Italy during this period, aiming to help its enterprises navigate the capitalist market. At the same time, following the Second World War, the new communist authorities in Yugoslavia, guided by the ideals of industrialization and modernization, launched a comprehensive economic reform. In terms of foreign trade, this entailed a shift in the structure of imports and exports. The import of finished goods and export of raw materials increasingly came to be seen as a "colonial" relationship, whereas the export of industrial products emerged not only as an economic goal but also as a symbol of progress in the Yugoslav economy.[12]

Representatives: State Institutions and Self-Managed Enterprises

The Yugoslav trade network in Italy was composed of representatives of the state and representatives of the economy. The relationship between these two groups was generally cooperative, although there were occasional divergences in their views on specific issues. The Yugoslav state was represented in Italy by the embassy in Rome, as the highest diplomatic mission, as well as by the Consulate General in Milan and Trieste, and, from 1972 onward, by the Consulate General in Bari.[13]

Although the Embassy of the SFRY in Rome held the highest official status in Italy, it was less significant in terms of economic relations compared to the Consulate in Milan, due to the very limited presence of Yugoslav enterprises in central and southern Italy. This was primarily the result of the structure of the Yugoslav economy and differences between Northern and Southern Italy. Northern Italy offered a prosperous market ready to absorb

lations between the two sides during this period, see: Saša Mišić, *Pomirenje na Jadranu. Jugoslavija i Italija na putu ka Osimskim sporazumima iz 1975.* (Beograd: Fakultet političkih nauka, 2018); Benedetto Zaccaria, *La strada per Osimo. Italia e Jugoslavia allo specchio (1965–1975)* (Milano: Franco Angeli, 2018).

12 Огњен Томић, „Трговински односи Италије и Југославије 1963–1978" (Докторска дисертација, Универзитет у Београду, Филозофски факултет, Одељење за историју, 2024), 40–42.

13 Diplomatski arhiv Ministarstva spoljnih poslova Republike Srbije (DAMSP), Politička arhiva (PA), 1972, Italija, fascikla 47, signatura 410223, Godišnji izveštaj za 1972, Konzulat SFRJ u Bariju, 26. 2. 1972.

Yugoslav exports, which consisted mainly of agricultural products and raw materials, while Yugoslavia, in turn, was interested in purchasing industrial goods produced in northern Italy. Southern Italy's agricultural products, on the other hand, were of little interest to Yugoslav enterprises–just as the agrarian Italian South had no need to import similar goods from Yugoslavia. Southern Italy and Yugoslavia were thus structurally incompatible for trade and, in a sense, rivals on the northern Italian market. By the mid-1960s, around thirty Yugoslav companies maintained representative offices in northern Italy, while in the entire central and southern regions of the country, there were only three Yugoslav enterprises operating.[14] The Consulate General in Trieste, on the other hand, played an important role in cross-border trade, which was largely dominated by companies from Slovenia and Croatia.[15]

The recommendations and proposals made by the Embassy in Rome for improving the Yugoslav foreign trade network in Italy, as outlined in its 1968 annual report, were accordingly quite different from those of the Consulate in Milan.[16] First and foremost, the Embassy emphasized the need to expand the Yugoslav trade network in southern and central Italy. It also proposed the opening of a permanent office of the Federal Chamber of Commerce in the south of Italy, as well as greater participation in trade fairs held in the region, particularly the Levant Fair in Bari. According to the Embassy's Economic Department, central and southern Italy were experiencing a period of economic expansion and displayed "remarkable potential," which were conditions that should be taken advantage of.[17]

In the early 1960s, a dominant role in the Yugoslav foreign trade network was held by large import-export companies such as Interexport and Generalexport. With the support of state institutions, these companies enga-

[14] Those three were: Centroprodukt, with offices in Rome and Bari (a branch of Generalexport from Belgrade); Prodi, based in Bari (a branch of Interexport Avala Film Belgrade); and Binex from Sarajevo, also based in Bari; DAMSP, PA, 1968, Italija, f. 66, 444444, Informacija o trgovinskim predstavništvima na području Južne Italije, Ambasada SFRJ u Rimu, ekonomsko odeljenje, 12. 12. 1968.

[15] DAMSP, PA, 1969, Italija, f. 66, 411774, Godišnji izveštaj za 1968. Generalnog konzulata u Trstu, 27. mart 1969.

[16] DAMSP, PA, 1969, Italija, f. 66, 44396, Telegram Ambasade SFRJ u Rimu Državnom sekretarijatu za spoljne poslove (DSIP), 6. 2. 1969.

[17] DAMSP, PA, 1970, Italija, 48470, f. 4, Godišnji izveštaj za 1969: Bilateralna trgovinska saradnja, Ambasada SFRJ u Rimu, 4. 3. 1970.

ged in profitable re-export activities (and in some cases even smuggling) all with the aim of securing much-needed foreign currency for imports from the West. Through their activities, they often directly harmed the interests of other domestic enterprises–particularly producers–which, during the 1970s, began to establish their own representative offices directly in Italy.[18]

The third component of the Yugoslav trade network in Italy was the banking sector. Following the internal reform of the credit and monetary system in 1963 and the banking system reform in 1965, a large share of financing was transferred from federal funds and institutions to the banks.[19] Banks became a key actor in the new credit and monetary framework, which aimed to increase investment efficiency and strengthen market-oriented tendencies within the Yugoslav economy, primarily by raising the share of own capital in enterprise financing.[20] In the field of foreign trade, this meant that enterprises now had to turn to a significantly larger number of banks for credit and foreign currency, compared to the previously relatively simple and centralized system for approving foreign exchange for imports. However, Italian state authorities were unable to keep pace with the extent of changes in the Yugoslav economy. Archival documents reveal that Italy initially agreed to recognize the status of a "public institution" (*ente pubblico*) for only three Yugoslav banks, which it regarded as the most solvent: Investbanka, Jugobanka, and Poljobanka.[21] It was only in June 1972 that the Italian authorities decided to grant this status to an additional seven Yugoslav banks.[22] The status of *ente*

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18 Ognjen Tomić, „Examples of Informal Practices in Yugoslavia's Trade Relations with Italy in the 1960s and 1970s", *Tokovi istorije,* no. 3 (2022): 176–180.

19 Ognjen Tomić, „Monetarna politika Narodne banke Jugoslavije 1963-1968: ciljevi i rezultati", u *Značaj institucionalnih promena u ekonomiji Srbije kroz istoriju*, ur. Jelena Minović, Milica Kočović de Santo, Aleksandar Matković (Beograd: Institut ekonomskih nauka, 2021), 155–157.

20 About the banking and monetary system in SFRY see: Milan Golijanin, *Monetarni sistem i monetarno-kreditna politika Jugoslavije* (Zagreb: Izdavačko-instruktivni biro, 1979); Milan Golijanin, *Bankarstvo Jugoslavije: teorija, organizacija i poslovanje* (Beograd: Privredni pregled, 1983); Ivo Perišin, *Novac, kredit i bankarstvo u sistemu samoupravljanja,* (Zagreb: Informator, 1975); Miodrag Ugričić, *Novčani sistem Jugoslavije* (Beograd: Zavod za izdavanje udžbenika, 1967)

21 DAMSP, PA, 1971, Italija, f. 58, 434877, Telegram Ambasade SFRJ u Rimu Saveznom sekretarijatu za spoljne poslove (SSIP), 17. 9. 1971.

22 The banks in question were: Investment Bank Titograd, Commercial Bank Sarajevo, Stopanska Bank Skopje, Commercial Bank Zagreb, Ljubljanska Banka, Belgrade Bank, and Commercial Bank Novi Sad.

pubblico allowed the Italian partner to ensure the credit guarantees issued by these banks against all commercial and non-commercial risks through the appropriate Italian institutions.[23] Of particular importance was the fact that the Italian para-state institution IMI[24] responsible for medium and long-term lending, operated exclusively with banks of so-called ente pubblico status. Interestingly, the Italian authorities did not wish to officially inform Yugoslavia of the decision regarding which Yugoslav banks were granted this special status, in order to avoid discussions about equal treatment for other Yugoslav banks authorized to conduct foreign operations. Ravazzi, Deputy Director General of ICE[25] and also Secretary of the Committee for Export Credit Insurance, told the Yugoslav Embassy's economic advisor in Rome, Djordje Stojković, that this was an internal decision of the Italian authorities. He explained that they were compelled to take such a step because of the large number of Yugoslav banks and felt the need to select those they considered the most reliable partners. Ravazzi also added that the aforementioned list of ten banks recognized as ente pubblico was being shared with the embassy in confidence, and that Yugoslavia should not expect to receive official information regarding future changes to the list; such changes, he noted, would simply "be revealed through practice."[26]

The Italians were well informed about Yugoslavia's internal economic situation and about each individual company and bank.[27] Decisions re-

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23 Archivio Storico Banca d'Italia (ASBI), Ufficio Italiano dei Cambi (UIC), Rapporti con l'estero, Busta 386, sig. 007678, Ambasciata d'Italia Belgrado-BankItalia, n. 83, 12. 1. 1972.

24 The Istituto Mobiliare Italiano (IMI lit. 'Italian Securities Institution') was a public financial institution established in 1931, specialized in providing medium- and long-term credit to Italian industry. It played a key role in the reconstruction of the Italian economy after the Great Depression and World War II. See: Giorgio Lombardo, Vera Zamagni, *L'Istituto Mobiliare Italiano 1931–1998* (Bologna: Il Mulino, 2009)

25 The ICE – Istituto nazionale per il commercio estero (*National Institute for Foreign Trade*, which became *Italian Trade Agency* (ITA) in 2011) is the Italian government agency responsible for promoting foreign trade and international business activities of Italian companies It operated under the Ministry of Foreign Trade and played a central role in Italy's commercial diplomacy during the postwar period.

26 DAMSP, PA, 1971, Italija, f. 58, 434877, Telegram Ambasade SFRJ u Rimu SSIP-u, 17. 9. 1971.

27 For example, in 1970 alone, the office of Prime Minister Aldo Moro received three detailed reports on Yugoslavia's internal economic situation and its relations with Italy; Archivio centrale dello Stato (ACS), fondo Aldo Moro, busta 131, fasciocolo, 61.

garding which Yugoslav firms could be considered reliable partners or granted credit were based on detailed analyses of their performance, but also on an awareness that certain enterprises enjoyed the backing of the state.[28] As long as the Yugoslav economy was perceived as stable, these companies were treated favorably by Italian counterparts. For most of the 1960s and 1970s, this was indeed the case–Italian reports described the Yugoslav economy in positive terms, although they increasingly pointed to rising foreign debt, inflation, and the gradual devaluation of the dinar.[29]

Relations Between Companies and the State

In the relationship between Yugoslav enterprises operating in Italy and the Yugoslav state, two distinct phenomena can be observed. On the one hand, numerous sources point to successful cooperation between the Consulate General in Milan and business representatives, including regular meetings held by the consul with directors of the most important companies. On the other hand, there was a lack of communication and understanding between the Yugoslav trade network in Italy and the central authorities in Belgrade.

Correspondence between the Consulate General in Milan and the Federal Secretariat for Foreign Affairs reveals that the Consulate often sided with representatives of Yugoslav foreign trade companies in Italy, expressing dissatisfaction with certain government decisions made without consulting them and without understanding local economic conditions. This situation effectively meant that, in conflicts between representative offices of Yugoslav foreign trade companies and the state, the Consulate General frequently aligned itself with the enterprises, serving as a voice in support of their demands.

A similar dynamic was evident in the case of the Consulate General Trieste, which occasionally clashed with central authorities in defense of local economic interests of Yugoslav companies (i.e. their foreign offices in Italy). There were far fewer tensions along the Rome Embassy–Federal Secretariat li-

[28] ACS, Ministero dell'Industria, fondo Direzione generale miniere, 001340 „Permessi e concessioni minerarie, indagini e relazioni geologiche, enti", b. 764, f. 121/2, Oggeto: Cooperazione economica industriale e tecnica italo-jugoslava, 8. 3. 1969.

[29] ASBI, UIC, Telepresso n. 970/15804: Minsitero Degli Affari Esteri – Ufficio Italiano dei Cambi, 31. 7. 1973.

ne, which occasionally led to differences of opinion between the Consulates General in Milan and Trieste and the Embassy in Rome. This can be partly explained by the fact that representatives of the Embassy in Rome had far fewer contacts with local businesses, while maintaining stronger ties with Belgrade.

The insufficient communication between the Consulates General in Milan and Trieste, the Embassy in Rome, and the Federal Secretariat in Belgrade hindered the central authorities' ability to engage more effectively with the business sector, contributing to the inefficiency of Yugoslavia's trade network. In both consulates–Trieste and Milan–officials believed it was essential for the state to involve and engage them more actively when negotiating export and foreign trade policy in general.[30]

These appeals appear to have had little impact, as Yugoslav foreign trade representatives in Italy continued to complain to the consulates that they were "left to fend for themselves," receiving inadequate support from the state. On the other hand, representatives also criticized the rigidity and lack of adaptability of Yugoslav laws, as well as the instability and excessive administrative intervention in the economy. They called on the state to grant them greater freedom to independently adjust to market changes in prices and global economic trends.[31]

Although these two criticisms may seem contradictory at first glance–representatives complaining both about being left to fend for themselves and about excessive administrative intervention–this was not the case. Yugoslav businesspeople criticized the chaotic management of the economy and the lack of communication and coordination between the economic sector and the state. The state did not grant enterprises true freedom of operation; rather, it sought to coordinate and regulate them through the introduction of various decrees and economic measures. However, these measures were introduced *ad hoc*, without a long-term or clear objective, merely to "patch holes" in the Yugoslav economy (for example, to secure additional foreign currency for debt repayment), and without understanding the realities of doing business in Italy. This mode of economic governance was sharply criticized by Branko Horvat in his works, where he argued that administrative management without planning and clearly defined regulations to enable enterprise

30 DAMSP, PA, 1975, Italija, f. 57, 433951, Generalni konzulat (GK) u Trstu, SSIP-u, 7. 7. 1975; 429521, šif. telegram GK u Milanu SSIP-u, 11. 6. 1975.

31 DAMSP, PA, 1975, Italija, f. 57, 433951, GK u Trstu, SSIP-u, 7. 7. 1975.

autonomy could only lead to long-term economic collapse–a prediction that proved correct in the case of Yugoslavia during the 1980s.[32]

One illustrative example of these issues was the policy of *primovi.* "Primovi" or "export incentives" were financial subsidies granted by Yugoslav authorities to domestic enterprises in order to encourage exports to specific foreign markets at reduced prices. Their main purpose was to make non-competitive Yugoslav products cheaper abroad and thereby secure much-needed foreign currency for the country. In some cases, *primovi* for the export of Yugoslav meat were so high that it became more profitable for Italian buyers to purchase the meat in Switzerland–after it had been exported there–than to buy it directly in Italy.[33] Similarly, many Yugoslav export companies, attracted by incentive policies, often preferred to export to other countries even when they could have secured better prices on the Italian market.[34] The *primovi* policy demonstrates how a lack of understanding of local economic conditions and failure to consult with local business actors resulted in measures that ultimately caused more harm than good to Yugoslavia's foreign trade in Italy.

The efficiency of Yugoslavia's trade network was also significantly affected by changes in its organizational structure following the adoption of the 1974 Constitution and the reorganization of economic enterprises into Basic Organizations of Associated Labor (*OOOUR*). These reforms introduced further confusion into an already complex economic system and led to the creation of even more intermediary enterprises and administrative barriers to doing business. As a result, Yugoslav companies in Italy were slowed down and became less competitive compared to capitalist firms.[35]

A particularly problematic development was the introduction of the so-called "blacklist," which included enterprises subject to sanctions under

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32 Some of Branko Horvat's works: *Jugoslavenska privreda 1965–1983, prognoze i kritike* (Zagreb, Ljubljana: Cankarjeva založba, 1984); *Jugoslavenska privreda 1965–1983, predlozi i rešenja* (Zagreb, Ljubljana: Cankarjeva založba:, 1984)*; Politička ekonomija socijalizma* (Zagreb: Globus, 1984); *ABC jugoslavenskog socijalizma* (Zagreb: Globus, 1989)

33 DAMSP, PA, 1966, Italija, f .75, 410765, Generalni konzulat SFRJ u Milanu DSIP-u: Neki problemi u trgovinskoj razmeni sa Italijom, 8. 2. 1966.

34 DAMSP, PA, 1965, Italija, f. 58, 429583, Generalni konzulat SFRJ u Milanu, Trgovinska razmena SFRJ–Italija (kratka analiza), 4. 3. 1965.

35 David A. Dyker, *Yugoslavia: Socialism, Development and Debt* (London: Routledge, 2011), 152–155.

the "social compact" (*društveni dogovor*), effectively banning them from conducting business with Yugoslav companies. This list mostly consisted of enterprises owned by members of the Yugoslav political émigré community or by individuals deemed undesirable by the Yugoslav authorities.[36]

The publication of this list prompted a sharp exchange of correspondence between the Consulate General in Milan and federal authorities in early 1975. The Consulate pointed to several cases in which, in their view, Italian companies had been unjustly included on the list. The most striking example was the company *Ghenimex*, a joint venture established with the participation of Generalexport from Belgrade, which held 40% of the shares, and the Italian giant ENI, which held the remaining 60%. Active in the field of petrochemicals and the oil industry, this company was considered one of Yugoslavia's key foreign trade partners in Italy. According to the Consulate, Ghenimex secured significant revenue for Yugoslavia through contracts with foreign partners and generated an annual foreign currency inflow of around one million dollars.[37]

Despite this, the company was placed on the "blacklist" because Vojko Santrić, one of Ghenimex's senior figures, was among the individuals subject to measures under the *Social Compact*. As emphasized in the Consulate's report, Santrić was neither a shareholder nor a representative of capital–neither on the Yugoslav nor on the Italian side. Nevertheless, his role in the company was considered highly significant due to his deep knowledge of the Italian market and his successful cooperation with numerous Yugoslav partners. Consul General Nikola Vujanović, who personally signed the protest letter, concluded by stating: "It is difficult to understand how both the company and Santrić ended up on this list, as they represent, here in Italy, an example of good practice and a model for how our enterprises ought to operate."[38]

On the other hand, there were companies whose presence on the list was not questioned. One such case was the Italian firm *Andrea Jakil*, which, according to Consulate reports, employed practices contrary to business et-

36 Susan L. Woodward, *Socialist Unemployment. The Political Economy of Yugoslavia, 1945–1990* (Princeton: Princeton University Press, 1995) , 325–326.

37 DAMSP, PA, 1975, Italija, f. 57, 4517, šif. telegram, Generalni konzulat u Milanu SSIP-u, 3. 1. 1975.

38 DAMSP, PA, 1975, Italija, f. 57, 4517, šif. telegram, Generalni konzulat u Milanu SSIP-u, 3. 1. 1975.

hics–ranging from "unfair competition" to "inappropriate conduct toward Yugoslav trade missions."[39]

Nevertheless, it appears that the representatives of the Consulate General did not fully grasp the primary purpose of introducing the blacklist within the framework of the *Social Compact*, nor the criteria by which certain individuals and enterprises were included on it. The *Social Compact* was aimed at all individuals of Yugoslav origin who owned foreign companies and actively participated in foreign trade operations. The criteria for inclusion on the list were precisely defined and covered several categories: all political émigrés, regardless of whether they had retained Yugoslav citizenship; persons of German ethnicity from Yugoslavia (so-called "Volksdeutsche") who had collaborated with the occupying forces, individuals fictitiously employed abroad but permanently residing in Yugoslavia who acted as intermediaries in business dealings for their own account or on behalf of foreign firms; as well as all foreign companies operating in the Yugoslav market outside the legal framework, that is, those cooperating with individuals residing in Yugoslavia. It is important to note that the measures did not apply to members of the prewar economic diaspora, provided they had not "transgressed against the new Yugoslavia."[40]

The very criteria of the list make it clear that it was, above all, a politically motivated measure that did not take into account the actual business relevance or success of companies in their cooperation with Yugoslav partners–yet this was precisely the key argument used by the Consulate in defending certain enterprises. The goal of the "blacklist," formed in accordance with the *Social Compact*, was to strike a blow at the Yugoslav political émigré community, as well as at those attempting to circumvent official channels and profit illegally from foreign trade activities to the detriment of the domestic economy.

However, the very existence of such a list inevitably had negative consequences for Yugoslavia's economic relations with foreign countries. The uncertainty surrounding the reliability and legal security of doing business with Yugoslavia inevitably led to reduced interest from foreign partners. Particularly alarming was the inclusion on the list of companies such as *Ghenimex*–a large and stable Yugoslav-Italian joint venture–which clearly demon-

39 Ibid.

40 DAMSP, PA, 1975, Italija, f. 55, 437451, Koordinaciona komisija potpisnika društvenog dogovora SSIP-u, 28.7.1975.

strated that no firm was immune from sanctions. Such actions undoubtedly contributed to growing mistrust within Italian business circles toward cooperation with Yugoslav enterprises.

The Consulate General of the SFRY in Trieste also raised numerous objections regarding the implementation of the "blacklist." One of the most striking cases they reported involved the company *Universal* from Udine, about which the Consulate submitted a detailed report to the Federal Secretariat for Foreign Affairs (SSIP). Gino d'Onofrio, the owner of *Universal*, approached the Consulate in Trieste to complain that his firm had been placed on the list of companies deemed undesirable for cooperation, emphasizing that he had been doing business in Yugoslavia for a quarter of a century "in an honest and respected manner." He suspected that the reason for the company's inclusion might have been his wife, Zlata Kovačević, whom he believed had been unjustly labeled a "Yugoslav émigré."[41]

The Consulate came to d'Onofrio's defense, pointing out that he had even been officially decorated in Yugoslavia for assisting the "Obod" factory in Cetinje, and that *Universal* had consistently maintained proper cooperation with domestic economic entities. It was further emphasized that some Yugoslav enterprises, such as *Rade Končar* from Zagreb and *Obod* from Cetinje, were heavily dependent on the material supplies provided by this company.The Consulate's representatives stated that they did not wish to delve into the exact reasons why *Universal* had ended up on the list, but they stressed that the very act of banning a reputable and long-standing partner company from doing business was highly problematic. In their view, such a move sent an extremely negative signal to business circles in Trieste and undermined confidence in the stability and predictability of Yugoslavia's business environment.[42]

In addition to the *Universal* case, for which they had provided more detailed information, the Consulate General in Trieste sent complaints to the Federal Secretariat for Foreign Affairs (SSIP) regarding a large number of companies from Trieste that they believed had been unjustly placed on the "blacklist." In June 1975, the Consulate sent an open letter to the SSIP entitled *Implementation of the Social Compact in Dealings with Our Enterprises*, in

41 DAMSP, PA, 1975, Italija, f. 56, 422711, Generalni konzulat u Trstu Privrednoj komori Jugoslavije, 6. 5. 1975.

42 Ibid.

which it sharply criticized the federal bodies responsible for compiling the controversial list.[43]

Besides once again raising the *Universal* case–indicating that the previous intervention had failed–the letter listed around thirty companies the Consulate believed had been unfairly subjected to the measures. Unlike their earlier communication, which mainly expressed disagreement with the inclusion of "friendly" individuals and firms on the list, this time the Consulate presented concrete objections backed by considerably more extensive documentation.[44]

The letter pointed out that the list included many Italian citizens belonging to the Yugoslav national minority in Italy, which was deemed a serious issue. Rather than being protected and supported by Yugoslavia, as expected, members of the minority were being targeted by the state solely on the basis of their origin. The Consulate also criticized the list's compilation mechanism, arguing that insufficient attention had been paid to the specific circumstances of individuals. Often, people were included simply because their names or surnames suggested possible Yugoslav origin, without verified information about their actual status. Particularly problematic was the fact that all emigrants were automatically treated as part of the "hostile political émigré community," even though, as the Consulate emphasized, there was a fundamental difference between politically motivated émigrés and, for instance, younger individuals who had married Italian citizens and emigrated for personal reasons.[45]

Finally, the Consulate sharply criticized the "double standards" of state policy–while repressive measures were being taken against Yugoslav émigrés, nothing was being done about the true "hostile elements" in Italy itself, such as former fascists, irredentists, and nationalists, with whom Yugoslav companies continued to maintain business relations. The letter concluded with a recommendation that such oversights be avoided in the future by ensuring that the leadership of the Socialist Republics of Slovenia and Croatia, as well as the Consulate General in Trieste, be consulted prior to the adoption of similar restrictive measures.[46]

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43 DAMSP, PA, 1975, Italija, f. 56. 434995, Generalni konzulat u Trstu SSIP-u, 15. 7. 1975.

44 Ibid.

45 Ibid.

46 Ibid.

Without a deeper and more comprehensive analysis of the specific reasons why certain individuals or companies ended up on the "blacklist"–a task that exceeds the scope of this study–it is not possible to make reliable judgments about the justification of each individual decision made by the Coordinating Commission. However, what can be stated with certainty, and is acknowledged even in the Commission's official response is that the entire process was carried out too hastily and without adequately defined criteria.[47] Such an approach inevitably opened the door to arbitrariness–and, in some cases, even to various abuses that were likely motivated by personal interests.

The very fact that, within a relatively short period following interventions by the Consulates General in Trieste and Milan, as many as forty Italian companies were removed from the list (with another twenty or so still under review) suggests that a large number of enterprises had initially been added to the blacklist without clearly articulated or substantiated reasons.

This kind of measure–and the manner in which it was implemented–undoubtedly caused serious damage to Yugoslavia's reputation among business circles in Italy. Years of efforts to build Yugoslavia's image as a stable and reliable economic partner–initiated by the market reforms of the 1960s and reinforced by the country's accession to international organizations such as GATT[48]–were thereby called into question.

Inter-Enterprise Relations

The relationships between Yugoslav companies operating in Italy during the observed period developed along two parallel and often intertwined lines. On the one hand, there was a division between large foreign trade enterprises–which possessed institutional resources, personnel, and positions within the system, and were supported by the state–and, on the other hand, smaller

47 DAMSP, PA, 1975, Italija, f. 56, 437451 Privredna Komora Jugoslavije SSIP-u, „Koordinaciona komisija potpisnika društvenog dogovora", strogo poverljivo, br. 1714-31/1, 28.7. 1975.

48 The General Agreement on Tariff s and Trade (GATT) was a multilateral trade agreement established in 1947 to promote international trade by reducing tariffs and other trade barriers. It served as the main framework for global trade negotiations until it was replaced by the World Trade Organization (WTO) in 1995; Douglas A. Irwin, „The GATT in Historical Perspective", *American Economic Review*, vol. 85, no. 2 (1995): 323–328.

companies, often more agile but limited in scope. At the same time, within the foreign trade system itself, a significant role was played by the dichotomy between intermediary companies–those whose primary function was to organize product distribution and logistics–and producer enterprises, which sought to bypass intermediaries and establish direct access to the market.

State institutions tried to coordinate cooperation among these enterprises. The Consulate General in Milan played a particularly active role in this regard, organizing meetings where problems and strategies concerning Yugoslav trade in Italy were discussed. One such meeting was held in March 1963, prompted by the entry into force of a new, significantly more liberal trade agreement with Italy. It brought together representatives of many Yugoslav companies with the aim of formulating a joint economic strategy for the Italian market.[49]

The meeting was chaired by Consul General Vjekoslav Cvrlje, and the key speakers were representatives of major foreign trade and intermediary enterprises: Vojko Santrić, director of Centroprodukt (a branch of Generalexport); Ladislav Gonda (Inex Italiana–a branch of Interexport); Viktor Hajon of Atlantik; and Ilija Maraš, director of Sacet (a joint Yugoslav-Italian company). One of the main issues raised by both Gonda (Inex) and Hajon (Atlantik) was the low commission that Yugoslav trade organizations received for placing products on the Italian market. Gonda emphasized that "due to the low commission, there is no money for better promotion and advertising of our products," while Santrić added that the commissions given to Italian agents were significantly higher, "even though they do not truly care about the interests of our exporters." Maraš (Sacet) stressed the need for domestic export companies to choose a single Yugoslav organization in Italy with which to cooperate. He added that if the goal was to harmonize imports with exports, "it would be best to work with one enterprise and avoid dealing with a larger number of Italian traders and intermediaries," a position with which Santrić (Genex) agreed.[50]

It is clear that the dominant role at this meeting was held by representatives of large foreign trade enterprises, who sought to use the Consulate General in Milan as a channel to communicate their concerns to state authorities.

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49 DAMSP,PA, 1963, Italija, f. 44, 442272, Zapisnik sa sastanka naših spoljnotrgovinskih preduzeća u Milanu, 25. februar 1963.

50 Ibid.

However, if the commissions received by Yugoslav organizations were indeed significantly lower than those paid to Italian partners – and if one adds the argument that Yugoslav enterprises would naturally be more motivated to cooperate with domestic partners–it raises the question: why was this not the case?

From the statements and conclusions presented at this meeting, one might get the impression that domestic production and export enterprises, for some mysterious reason, chose to pay higher commissions to Italian partners while deliberately bypassing domestic intermediaries such as Interexport and Generalexport. While it is possible that some firms simply preferred to stick with long-standing Italian partners out of habit, it is reasonable to assume that lower commissions and state incentives to cooperate with domestic organizations should have been sufficient motivation for most intermediary operations to be handled by Yugoslav intermediary firms.

The fact that this was not the case (at least according to the claims made by representatives of those firms) suggests the existence of an internal conflict within Yugoslavia's foreign trade network. At the heart of this tension was a divide between the large, state-backed foreign trade companies–often supported by the security apparatus and focused on securing foreign currency at any cost–and the more "ordinary" Yugoslav enterprises whose interests were frequently sidelined.[51] This imbalance and the aggressive behavior of the major firms were even publicly criticized by President Tito at a meeting in Karađorđevo in 1971.[52] A year later, during the so-called "liberal purge" in Serbia, these dynamics gained political weight: the leadership of several major companies came under fire, accused of "technocratism." Among them was Vlada Višnjić, director of Generaleksport, the country's most powerful re-export company, who resigned alongside several other directors.[53]

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[51] Ratko Dražević, a colonel in the State Security Administration, was one of the founders of Generaleksport (alongside Vlada Višnjić). In a later interview, he admitted that the company had state backing in its efforts to monopolize Yugoslav foreign trade, with the aim of securing foreign currency needed to repay national debt; „Ratko Dražević – Učesnik i svedok", Emisija „Trezor", Radio Televizija Srbije 2, 1992.

[52] Arhiv Jugoslavije (AJ), Savezno izvršno veće – SIV (130), fasc. 1318, Autorizovane stenografske beleške sa 21. sednice predsedništva SKJ održane 1. i 2. decembra 1971 (u Karađorđevu), 6.

[53] Tomić, „Examples of Informal Practices", 184–187; See also: Раде Грујић, *Како смо смењени : како и зашто су смењени директори Миодраг Чейерковић – „Југометал комбинат", Влада Вишњић – „Генекс", Првослав Раковић – Заводи „Црвена застава"*,

On the other hand, with the assistance of the Consulate, these companies attempted to establish the most efficient possible cooperation among themselves. At the same 1963 meeting, it was agreed that if a company received an offer from a buyer for a specific item that was not available in its stock, it should refer the buyer to another company that had the requested product, in exchange for half of the commission once the deal was completed.[54] Ladislav Gonda (Inex) criticized the recurring issue where, once a company successfully entered the market with a new product, other companies would "begin to imitate it, effectively getting in each other's way," and he emphasized the need for greater coordination between enterprises. Ilija Maraš (Sacet) agreed, citing a specific case in which Yugoslav companies needed to coordinate their efforts to avoid unnecessary competition: a contract involving the reconstruction of the Italian railways and the sale of wagons, rails, and other materials. Santrić (Genex) reported that the Italian side had approved new import contingents for beef (in an effort to curb domestic price increases) and urged those present to agree on a strategy: whether to maintain current volumes and prices, or to increase exports at lower prices.[55]

All these proposals point to the fact that representatives of major Yugoslav companies were aware of the importance of cooperation and presenting a coordinated front toward the Italian market. However, it appears they were less willing to cooperate with other Yugoslav enterprises. Notably, the Consulate General in Milan worked closely with these companies, yet was often at odds with the Embassy in Rome or federal institutions.

This divide–between the Consulate and the intermediary trade enterprises operating in Italy on one side, and the federal authorities and producer companies in Yugoslavia on the other–seems to have been one of the key factors behind the limited effectiveness of the Yugoslav foreign trade network.

The Embassy in Rome found itself "in the middle," positioned between the two key economic actors. An operational letter from the Embassy dated July 1965 reveals that its staff was fully aware of the problems in com-

Владимир Јасић – Еи Ниш, Чедомир Јеленић – Робне куће „Београд", Влајко Брковић – Ваљаоница Севојно, Марко Шарановић – „Утва" Панчево, Лазар Лотвин – АМСЈ (Београд: Привредни преглед, 1989)

54 DAMSP, PA, 1963, Italija, f. 44, 442272, Zapisnik sa sastanka naših spoljnotrgovinskih preduzeća u Milanu, 25. februar 1963.

55 Ibid.

munication and coordination within the Yugoslav trade system. In this document, the Embassy's Economic Department discusses the export of Argentine beef to Italy, the risks that Argentina's growing market share posed to Yugoslav meat exports, and strategies that the Yugoslav side might "replicate" in order to remain competitive on the Italian market.[56]

Almost all Argentine beef exports were conducted through the *Junta Nacional de Carnes*, a state-controlled association that integrated all stages of production–from livestock farming to meat sales. According to Yugoslav economic advisors, every Italian importer they spoke with emphasized the efficiency and reliability of this system: each deal was guaranteed, and any risks arising from unforeseen circumstances were covered in advance.[57]

By contrast, the Yugoslav export chain was fragmented: one enterprise handled livestock breeding, another the slaughter, a third the transportation, a fourth the export, and frequently a fifth acted as an intermediary on the Italian market. This fragmentation led to contract cancellations, delivery delays, and additional costs–burdens that often fell on Italian partners, since none of the Yugoslav parties involved would take full responsibility. As a result, the unreliability of individual links in the chain compromised trust in the Yugoslav export system as a whole. Although the Embassy did not explicitly propose the creation of a centralized organization modeled after the Argentine system, the report clearly implies the need for better coordination and control over Yugoslav exporters and producers.[58]

Yugoslavia's trade representatives in Trieste shared a similar assessment. At a consultative meeting held with Consul General Rudi Janhuba, it was openly acknowledged that Yugoslav business practices suffered from a "lack of the necessary degree of business ethics," and that short-term thinking and the pursuit of quick profits prevailed over long-term stability. Such an approach led to situations where, as soon as a favorable market opportunity emerged, companies would immediately raise prices, enter into risky and unverified arrangements that were later cancelled, or fail to meet delivery deadlines after making unrealistic promises. As a result, Italian partners gradu-

56 DAMSP, PA, 1965, Italija, f. 58, 42543, Operativno pismo, Informacija o plasmanu argentinskog mesa u rashlađenom i smrznutom stanju na italijansko tržište, 3. 7. 1965.

57 Ibid.

58 Ibid.

ally began to lose trust in Yugoslav exporters. The representatives also admitted that there were simply too many Yugoslav companies operating on the market, which not only created internal competition but also artificially inflated the price of the final product.[59]

Despite announcements of cooperation among major Yugoslav enterprises at the 1963 meeting with the Consul General in Milan, it appears that such cooperation was ultimately not very successful. A confidential report from the Consulate General dated 1966 emphasized that the "business ethics" of some Yugoslav exporters were alarmingly low, and that this was damaging the reputation of all Yugoslav companies operating in Italy.[60]

As an illustration, the report cited a situation that, in their view, occurred repeatedly: after Yugoslav companies had reached agreements with Italian buyers regarding meat deliveries, they would, without hesitation, redirect the shipment to a third country if they found a buyer willing to pay just a few dinars more per kilogram in the meantime. This behavior was carried out with complete disregard for the commitments made and the interests of the Italian partners, further eroding trust in the ethical standards and reliability of Yugoslav business practices.[61]

The Yugoslav economic system moved toward further administrative and legal complexity during the reforms of the 1970s, which certainly did not help reduce the "chaos" already present in the trade network in Italy during the 1960s. The introduction of the Basic Organizations of Associated Labor (*OOUR*)[62] led to further fragmentation of Yugoslav enterprises and the emergence of additional intermediaries in trade with Italy.[63]

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59 DAMSP, PA, 1965, Italija, f. 59, 419083, Zabeleška sa sastanka održanog sa trgovinskim predstavnicima SFRJ u Trstu, 16. aprila 1965. u Generalnom konzulatu, 19. 5. 1965.

60 DAMSP, PA, 1966, Italija, f. 66, 410765, Generalni konzulat SFRJ u Milanu DSIP-u: Neki problemi u trgovinskoj razmeni sa Italijom, 8. 2. 1966.

61 Ibid.

62 The Basic Organizations of Associated Labor (*Osnovne organizacije udruženog rada*, OOUR) were the new foundational units of economic organization in socialist Yugoslavia, first introduced in 1974, and legally established by the 1976 Law on Associated Labor. Conceived as self-managing entities, OOURs were intended to decentralize decision-making and enhance workers' participation in managing production and distribution. They formed the lowest level in a multi-tiered system of associated labor, linking enterprises into broader complexes based on mutual economic interest and social ownership.

63 Dyker, *Yugoslavia*, 152–155.

Although the new law promoted a "contractual economy" and encouraged greater cooperation among self-managed enterprises–that is, among organizations of associated labor–sources indicate that problems in communication and coordination persisted throughout this period. According to the Consulate's 1977 report from Trieste, many of the issues within the foreign trade network remained similar to those of previous years: insufficient organization and market analysis, weak marketing, undisciplined conduct in dealings with foreign partners, reliance on unreliable traders, delivery delays, and excessively high prices. Additionally, the Consulate pointed to frequent administrative oversights–documentation was often not properly prepared, resulting in Italian authorities returning the paperwork or requesting further clarifications, especially with regard to various technical certificates.[64]

The introduction of the OOURs also led to a deepening of conflicts between core production organizations and their foreign branches responsible for distributing goods in Italy. The same report from the Consulate in Trieste noted that parent organizations often exerted pressure on their foreign branches, regarding exports, while at the same time handling imports through foreign firms–bypassing their own external branches and thereby undermining their position.[65]

It cited examples where parent organizations insisted on finalizing export deals–likely under pressure from federal authorities–only for it to become clear at the time of execution that the goods were unavailable: either they had already been sold on the domestic market at higher prices, or they had not been produced at all. Left without support, foreign branches conveyed their complaints to the Consulate General, which, in one letter, stated that these offices had been "left to fend for themselves," leading to "mistakes and oversights." The foreign branches also requested more assistance in terms of access to information, as well as equal rights for their employees compared to workers employed in the parent organizations in Yugoslavia.[66]

Although these criticisms should be approached with caution–since they originate from the foreign branches themselves–it is reasonable to assume that they reflected real problems to a significant degree. At the same time, such

64 DAMSP, PA, 1977, Italija, f. 56, 42647, Generalni konzulat u Trstu SSIP-u, 25. 4. 1977.

65 Ibid.

66 Ibid.

a position may also have served as a convenient justification for a number of their own mistakes and inefficiencies, which undoubtedly existed and further contributed to the ineffectiveness of Yugoslavia's trade network in Italy.

SACET

One of the most ambitious attempts at institutionally shaping Yugoslavia's trade network in Italy was the founding of SACET in 1959. Established at the initiative of the chambers of commerce and ministries of the two countries, SACET was conceived as a body that would, through a mixed ownership structure (52% Italian and 48% Yugoslav capital), facilitate and improve bilateral trade. Only Yugoslav[67] and Italian enterprises were permitted to purchase shares, enabling them to participate directly in management through the shareholders' assembly. It was expected that SACET members would receive preferential access to contracts, thus helping the company become a central channel of cooperation between the two economies.[68]

However, the very fate of SACET illustrates not only the shortcomings in implementing economic cooperation, but also the broader problem of inefficiency and lack of interest among Yugoslav economic actors in developing institutionalized trade channels in Italy. While Yugoslav official Petar Tomić claimed in April 1963 that SACET was "developing favorably,"[69] the Italian side–including Pietro Rebor, a leading figure at the Falck steel company–was considerably more critical. In a conversation with the Yugoslav consul in Milan, Rebor accused the Yugoslav side of passivity, pointing out that many Yugoslav enterprises–despite being SACET members –actively avoided doing business through it in practice.[70]

These sources point to a lack of coordination and a clear strategy within Yugoslavia's foreign trade policy toward Italy. Although SACET was ori-

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67 Yugoslav laws did not allow individuals to purchase or own shares, but enterprises were permitted to do so, using „social capital".

68 DAMSP, PA, 1976, Italija, f. 56, 425578, Šif. telegram SSIP Ambasadi SFRJ u Rimu, 12. 5. 1976.

69 DAMSP, PA, 1963, Italija, f. 42, 418046, Magnetofonski snimak diskusije sa jugoslovenskim ambasadorom I. Vejvodom, 9.4.1963.

70 DAMSP, PA, 1963, Italija, f. 44, 42110, Informacija o razgovoru Vjekoslava Cvrlje sa P. Reborom, zamenikom generalnog direktora čeličane FALCK, 5. 1. 1963.

ginally conceived as a framework that would consolidate the interests of Yugoslav enterprises in Italy, it was ultimately marginalized in practice. By the end of 1975, due to financial difficulties and delays in capital approval from Yugoslavia, all 150 new shares were allocated to Italian firms, reducing Yugoslav ownership to just 27%.[71]

Efforts by the SFRY Embassy to reverse this process were unsuccessful–no domestic enterprises showed interest in purchasing the shares. [72] The state not only failed to support SACET but, in a striking twist, even included the company on the previously mentioned "blacklist" of enterprises with which Yugoslav firms were prohibited from doing business. This absurd situation is documented in a 1975 telegram from the Consulate General in Milan, which expressed strong dissatisfaction with the decision. The blacklisting of SACET–a company founded precisely to facilitate bilateral cooperation–was a move that once again revealed the federal leadership in Belgrade's complete lack of understanding of the local trade network and its failure to communicate with its own institutions (the Embassy and consulates) in Italy.[73]

The definitive collapse of this project occurred in 1977, when SACET's largest Yugoslav shareholder, the Ferrous Alloys Association (*Zajednica ferolegura*), withdrew its participation[74]. In its explanation of the decision, it was clearly stated that SACET no longer represented a joint venture of importance, but rather an entity in which Yugoslavia had neither control nor economic interest. Additionally, the Association revealed that the ferrous alloys business had been the only profitable operation managed by Yugoslav enterprises within SACET, and that SACET's management had already begun the process of transferring these operations to the Italian company Imex, which was part of the ENI conglomerate.[75]

The fate of SACET illustrates the limited reach of efforts to enhance Yugoslavia's trade network in Italy. Although institutionally well-conceived,

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71 DAMSP, PA, 1976, Italija, f. 56, 425578, Šif. telegram, SSIP Ambasadi SFRJ u Rimu, 12. 5. 1976.

72 DAMSP, PA, 1976, Italija, f. 56, 427237, Šif. telegram, Ambasada SFRJ u Rimu SSIP-u, 17. 5. 1976.

73 DAMSP, PA, 1975, Italija, f. 56, 4517, Šif. telegram, Generalni konzulat u Milanu SSIP-u, 3. 1. 1975.

74 DAMSP, PA, 1978, Italija, f. 56, 427044, Intereksport Sekretarijatu za odnose sa inostranstvom, Informacija o istupanju Zajednice ferolegura iz Saceta, 3. 5. 1978, 1–2.

75 Ibid, 4–5.

the project failed to receive adequate support from domestic enterprises, which were unwilling to shift away from their traditional business partners in order to align their interests with other Yugoslav firms in Italy. A lack of interest, insufficient coordination, and slow decision-making–especially at critical moments when financial challenges required urgent action–ultimately turned SACET from a potential hub of trade cooperation into a symbol of the dysfunction within Yugoslavia's commercial presence in Italy.

Conclusion

The analysis of Yugoslavia's trade network in Italy reveals a complex and often contradictory system marked by structural inefficiencies, institutional fragmentation, and chronic miscommunication among key actors. While trade between the two countries was of undeniable strategic importance–anchored in a long tradition of economic exchange–Yugoslav efforts to establish a coordinated and functional presence in Italy were undermined by internal contradictions and a lack of coherent long-term vision.

At the institutional level, embassies and consulates often operated at odds with one another and with federal authorities in Belgrade, while enterprises themselves–divided between producers and intermediaries, large and small, public and semi-autonomous–competed rather than cooperated. The introduction of the Basic Organizations of Associated Labor (OOOUR) and reforms in the 1970s, rather than streamlining the system, led to further fragmentation and administrative complexity. Foreign branches frequently found themselves isolated, under-supported, and occasionally scapegoated for broader systemic failings.

The case of SACET encapsulates many of these contradictions. Designed as a flagship project for institutionalized cooperation, SACET ultimately failed due to a combination of weak state support, sluggish responsiveness to financial challenges, and the unwillingness of Yugoslav enterprises to abandon traditional practices and embrace collective economic action abroad. Even more symbolically, SACET was at one point blacklisted by Yugoslav authorities–an act that reflected the broader disconnect between strategic ambitions and bureaucratic realities.

Overall, Yugoslavia's trade presence in Italy never managed to evolve into a stable, efficient, and trust-inspiring system. Despite isolated successes

and the individual efforts of certain representatives, the broader network remained riddled with contradictions, misaligned incentives, and a persistent gap between institutional design and practical implementation. These shortcomings not only hampered bilateral trade but also damaged Yugoslavia's image as a reliable economic partner in one of its most important Western markets.

Summary

Between the end of World War II and the late 1970s, the Yugoslav foreign trade presence in Italy was shaped by fragmented institutional structures, weak coordination, and systemic inefficiencies. Despite efforts to consolidate the network, most notably through projects such as SACET, the trade apparatus remained poorly integrated and unable to ensure operational coherence.

Communication between federal authorities in Belgrade and Yugoslav actors on the ground in Italy was limited, while long-term strategic planning was largely absent. Trade decisions were often driven by short-term interests, leading to opportunistic behavior and inconsistent practices. Institutional reforms introduced during the 1970s, including the Basic Organizations of Associated Labor (OOUR), failed to address these problems and in some cases further complicated the system.

The structural weaknesses were further exacerbated by conflicting priorities among Yugoslav enterprises, competition between intermediary and production-based firms, and unclear lines of authority between domestic institutions and their foreign branches. Frequent cases of poor logistical coordination, price mismatches, and misaligned incentives contributed to a pattern of missed opportunities and commercial setbacks.

These limitations undermined the effectiveness and credibility of Yugoslavia's trade operations in Italy, restricted its ability to build lasting commercial relationships, and ultimately constrained its economic performance within Italian market. Despite the volume of activity, the trade network remained unstable, reactive, and vulnerable to internal fragmentation–factors that significantly reduced its long-term developmental impact.

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Резиме

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СПОЉНОТРГОВИНСКА МРЕЖА ЈУГОСЛАВИЈЕ У ИТАЛИЈИ ТОКОМ ДИНАМИЧНИХ ШЕЗДЕСЕТИХ И ДУГИХ СЕДАМДЕСЕТИХ ГОДИНА: СТРУКТУРНИ И ОРГАНИЗАЦИОНИ ПРОБЛЕМИ

Апстракт: Рад истражује југословенску спољнотрговинску мрежу у Италији током шездесетих и седамдесетих година 20. века, са фокусом на институционални и организациони оквир у којем се одвијала трговина. Циљ рада је да се испита на који су начин државне институције, иностране испоставе и привредна предузећа међусобно сарађивали у пракси, као и у којој мери су успели да изграде кохерентан систем сарадње. Посебна пажња посвећена је сукобима између производних и посредничких предузећа, улози конзулата и амбасаде, као и ефектима привредних реформи, попут увођења основних организација удруженог рада (ООУР). Анализа се заснива на архивској грађи из Архива Југославије, конзуларној преписци и интерним извештајима југословенских институција које су деловале у Италији.

Кључне речи: социјалистичка Југославија, међународна трговина, Италија, историја после 1945. године, економска историја, трговинска мрежа

Током 1960-их и 1970-их година, југословенску спољнотрговинску мрежу у Италији карактерисале су слаба институционална повезаност, ограничена координација и дуготрајне структурне слабости. Упркос покушајима да се мрежа учини функционалнијом – пре свега кроз иницијативе попут Сацета – трговински систем остао је недовољно интегрисан и оперативно неусклађен. Недостатак комуникације између савезних органа у Београду и југословенских представништава у Италији, као и изостанак стабилног стратешког планирања, отворили су простор за краткорочне интересе и опортунистичке праксе. Институционалне реформе, попут увођења Основних организација удруженог рада (ООУР), нису успеле да

реше ове проблеме, а у неким случајевима су их додатно продубиле. Ситуацију су додатно отежавали различити приоритети између производних и посредничких предузећа, конкуренција међу њима и нејасан однос надлежности између централних установа и њихових испостава у иностранству. Проблеми у логистици, неусаглашене цене и лоше постављени подстицаји довели су до пропуштених трговинских прилика и нестабилности у пословању. Упркос значајном обиму активности, југословенска трговинска мрежа у Италији остала је рањива, непредвидива и без дугорочне стабилности. То је ослабило њену позицију на западноевропском тржишту и ограничило укупне економске домете.