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SOURCE Il Sangue Tradito; Relazioni Jugoslavo-Albanesi 1938 - 1949, edited by Vladimir Dedijer, 1949.

YUGOSLAV AID TO ALBANIA, 1947 - 1948

On 1 July 1946, in accordance with the pact of friendship and mutual assistance between Yugoslavia and Albania, an agreement for economic collaboration was concluded. The agreement provided that the Yugoslav government would grant Albania credits for the acquisition of machinery and tools for the construction and expansion of its consumer goods industry, and technical assistance in all branches of industry and agriculture. The latter would include sending Yugoslav technicians, technical information, plans, and other documents, as well as training Albanian workers in Yugoslavia. The agreement also provided for the formation of a joint Albanian-Yugoslav company for the reconstruction and expansion of Albanian productive potential, on the principle of equal capital contributions and equal participation in management of the company.

Under this agreement, Albania was to receive 50 percent of the net profit of a petroleum company, in consideration for granting exploration and exploitation rights, while the other 50 percent was to be divided between Yugoslavia and Albania in proportion to the amount of capital invested. As the original investment amounted to 50 million dinars (i.e., 50 million lek), normally 25 million would have been divided equally between the two parties. However, Albania made a supplementary contribution to the company of the land, buildings, previous investments, materials, tools, and equipment currently being used for petroleum exploitation. Yugoslavia decided not to share in the profits of the company for 1947, although it had made important contributions, which it permitted to be listed as Albanian contributions. Thus at the end of 1947, 88 percent of the net profits were given to Albania and 12 percent to Yugoslavia.

In the case of a railroad construction company which the Yugoslav government joined in 1947, Yugoslavia contributed practically all the mechanical parts, trucks, tracks, locomotives, railroad cars, and all other equipment, while the Albanian government received 65 percent and Yugoslavia 35 percent of the profits.

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Under the agreement on Navigation and Maritime Collaboration of July 1946, the Yugoslav government promised to assist Albania in the construction of harbors, in granting ship tonnage for carrying Albanian goods and passengers in both directions, in the construction of lighthouses, in improving and expanding the shipyard in Durres, in the repair and construction of Albanian ships in Yugoslav shipyards, in research on the possibility of salvaging vessels sunk in Albanian waters, in contributing navigation technicians, and in accepting Albanian personnel for training, in developing fishing in Albania, in establishing and maintaining constant service between Yugoslav and Albanian ports, etc. These promises were wholly unilateral; Albania offered no counterpart.

1947 Agreement

The 12 June 1947 agreement granted Albania credit of 2 billion dinars, "to contribute to the creation of all the conditions necessary for the fulfillment of the economic plans and to facilitate the development of Albanian industry and of the economy in general by means of material support." No date or conditions were fixed for the repayment of this credit. Yugoslavia was to pay it in goods, materials, and services contributing to the development of the Albanian economy, and in consumers' goods. This credit made up 56 percent of the total Albanian budget for 1947.

The basic projects of the Albanian plan for 1947 were: industrial construction, especially in food and textile industries; construction of a hydroelectric power plant in Tirana; construction of the Durres-Peqin railroad line; and increased production in the petroleum and bitumen industries. Agriculture was to provide raw materials for industry through the cultivation of industrial plants. All these projects were to be carried out with Yugoslav aid, with imported factory equipment and machinery, Yugoslav technicians, consumers' goods, etc.

The Albanian government used only 1,600,000,000 of the 2 billion dinars offered by the Yugoslav government, as the Albanian application of April 1947 asked for only that sum. Of the total value of the materials and goods provided by Yugoslavia, only about 1,110,000,000 dinars' worth were Yugoslav products; about 500 million dinars' worth had to be bought abroad and paid for by Yugoslavia.

During 1947 and at the beginning of 1948, 1,432,968,000 dinars of the 2-billion-dinar credit were used for shipments of goods to Albania, with the exception of a very small amount given to Yugoslav enterprises and institutions for their services to Albania. As of 31 December 1947, 1,356,811,698.49 dinars, or 83 percent, had been spent on goods for Albania. In return, Albania sent 572,489,000 lek. For the first time, thanks to the Yugoslav credit, the Albanian budget year ended with a surplus -- of 76,745,000 lek.

Factory equipment furnished by Yugoslavia in 1947 included:

1. The sugar factory in Korce, which was scheduled to satisfy one-third of Albanian sugar requirements in 1948. It was begun in 1947 and was to have been finished by 1 August 1948.
2. The marmalade factory in Elbasan, which was completed and put into operation in June 1948.
3. The sardine factory, for which plans and equipment were sent in 1947. Construction has not yet begun, since the Albanian government has not decided on its site.

In addition, Yugoslavia has sent Albania three completely equipped fishing vessels to provide training for Albanian fisherman, and to explore Albanian waters and their resources.

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Yugoslavia acquired a high-capacity spinning mill in the US for Albania, with Albanian funds. This mill is more modern than any of the same type in Yugoslavia.

Yugoslavia sent Albania hemp-processing equipment and built a hemp factory in Rrogozhine; also, using equipment available in Tirana, completed a textile mill there that had been begun in 1947.

On the proposal of Yugoslav technicians, German reparations sent to Albania were adapted for a new metal products factory that was being built for the production of agricultural implements. These materials were supplemented by agricultural machinery from Yugoslavia.

At the beginning of 1947, Yugoslavia sent two sawmills, together with skilled workers to install and operate them.

With machinery sent from Yugoslavia, Yugoslav technicians installed a modern printing press in Tirana, which began operations in 1947. The dial telephone exchange in Tirana also was sent from Yugoslavia and installed by Yugoslav technicians.

The 43-kilometer Durres-Peqin railroad line, the first in Albania, was built by the Albanian-Yugoslav Company for the Construction of Railroad Lines. The technical personnel was supplied by Yugoslavia; the unskilled labor force consisted of Albanian youth. The line was scheduled to be completed at the end of 1947, but upon the insistence of Nako Spiro, it was announced that it would be finished by 7 November. To meet this deadline, since tracks ordered from Czechoslovakia had not arrived in time, the Yugoslav government was obliged to divert 19 kilometers of track that had been allocated to Yugoslav railroad lines (12 kilometers from the Bihac-Knin line and 7 kilometers from the Kursumlija-Pristina line), and to dismantle about 24 kilometers of track from the railroad systems of Belgrade and Ljubljana; while the Zenica Ironworks had to interrupt production of rails for the Samac-Sarajevo line to produce for the Durres-Peqin. As the Albanian lines required a lighter rail (type HA), the Zenica Ironworks was obliged to change its entire pressing process. As a result, the rest of the tracks for the Samac-Sarajevo line were made of the same type as those for the Albanian railroad, to be replaced later with heavier rails. The tracks were completed on time.

With Yugoslav aid, the oil wells in Patos, which had been damaged during the war, were rebuilt, and production was begun and steadily increased. Oil refining at Kucove also increased. The total production of petroleum in Albania in 1947 caught up with the highest prewar figure, and made possible a yield of over 200,000 tons in 1948.

The production of blister copper also was introduced by Yugoslav engineers.

During 1947, Albania received a total of 20,000 tons of wheat and 2,500 tons of corn from Yugoslavia on credit, under the provisions of the trade agreement. The result is shown in the following comparison of daily bread rations in 1947 in Yugoslavia and in Albania:

Yugoslavia		Albania	
Category	Grams	Category	Grams
Workers, Category I	650	Heavy workers	900
Workers, Category II	450	Light workers	700
Workers, Category III	350	Others	500
General consumers and children	250		

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The Albanian supplies of sugar, marmalade, preserved fish, and preserved meat also came exclusively from Yugoslavia. In 1947, 7 million meters of cotton and woolen cloth were imported from Yugoslavia. About 6,000 other articles also were supplied to Albania in 1947 under the 2-billion-dinar credit including: 3 locomotives, 69 railroad cars, 210 motor vehicles (mostly trucks), 3 fishing vessels, 4 small fishing boats, 278 agricultural machines, 1,300 tons of pig iron, 191 machines, 130 electric motors, 1,100 tons of sheet metal, 829 tons of iron wire, 5,700 tons of artificial fertilizer, 15,500 tons of cement, 78,000 square meters of glass, 150,000 pairs of shoes, 50,000 pairs of peasants' shoes, 800 tons of sugar, and 7,500 tons of assorted seeds.

Under the trade agreement between Yugoslavia and Albania in 1947, Yugoslavia undertook to send goods worth 327 million dinars, and Albania was to send goods worth 186 million dinars. Yugoslavia fulfilled all its obligations under this agreement, sending 20,000 tons of wheat, 2,500 tons of corn, 500 tons of sugar, and 349 tons of marmalade. Its partner's performance was poor: Albania delivered none of the promised 36,000 tons of petroleum, only 12,949 of the promised 26,000 tons of bitumen, 142 tons of the promised 2,100 tons of cotton, and 2,011 of the promised 5,100 tons of sunflower seeds. The agreement expired with an unfavorable balance of about 25 million dinars for Albania.

Since Albania had no organization for foreign trade, the trade agreement permitted Albania to use the Yugoslav organization. Yugoslav export enterprises took care of the sale of Albanian products abroad under the instructions of the Albanian Ministry of Commerce, and all foreign exchange received was turned over to Albania. For example, the Yugoslav Ministry of Foreign Trade ordered 100 ZIS trucks and 100 trailers, valued at 320,500 US dollars, from the USSR on behalf of Albania, under the 2-billion-dinar credit, on 12 December 1947. Forty trucks and 40 trailers were to be delivered during the first quarter of 1948, and the remaining 60 trucks and 60 trailers during the second quarter. However, the USSR sent none during the first quarter, and on 25 May the Soviet company Tekhnoeksport (Technical Export) informed Jugauto (Yugoslav Auto) in Belgrade that, because of certain difficulties, delivery of the trucks had been delayed, and they would be sent later. Nothing was received but some truck parts.

Likewise, pumps for petroleum extraction which Yugoslavia had ordered from Hungary were to be delivered by 30 June 1948, but did not arrive until September. The first shipment of Caesing pumps from Czechoslovakia arrived at the end of April 1948, although it was due in January; accessories for these pumps, due 31 May 1948, did not arrive until September. Czechoslovakia also delayed delivery of petroleum drills, due in 1948, to 1949.

The protocol on fulfillment of the 2-billion-dinar credit agreement provided that Yugoslav production enterprises should deliver the goods in question F.O.B. Korce or Kukes, defraying all expenses previously incurred. Thus, shipping charges between Rijeka and Durres for textiles sent from Duga Resa and Trzic were from 1.46 to 1.76 percent of the value of the goods; for glass from the factory in Pancevo, 6.67 percent; for paper from the Zagreb factory, 7.34 percent; and for superphosphate made at "Zorka" in Subotica, 21.65 percent. Albanian authorities had the privilege of deciding what route would be used.

On 7 July 1947 the Albanian government announced the replacement of the Albanian franc with the new lek, which was equivalent to the dinar. The rate of exchange, which previously had been 1:12.5, was 1:9. However, the masses of poor workers were not penalized, as wages and salaries and the prices of manufactured and agricultural products were adjusted at the same time. Thus, after the change, salt previously costing 3.60 lek per kilogram cost 3.50 lek; gasoline previously costing 18 lek per liter dropped to 10.80 lek; laundry soap cost fell from 39.60 lek per kilogram to 36 lek; the price of white cloth dropped from 36 lek per meter to 31.50 lek; the price of cement from 540 lek per quintal to 250 lek; and the cost of macaroni from 27 lek per kilogram to 21.50 lek.

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At the same time, wages for blue-collar workers were raised 25 to 34 percent, and white-collar workers' salaries increased 13 to 41 percent. Much higher prices were set for the crop purchase of agricultural products by the government. The price of wool of all qualities was raised 40 percent, and the price of hides of all qualities was raised 25 to 50 percent. The prices of all industrial plants likewise were raised to agree with those in Yugoslavia.

The trade agreement also provided that the Albanian government should adopt the price system prevailing in Yugoslavia. Thus, prices of goods exported to Yugoslavia also were raised. The new prices for hides exported to Yugoslavia in 1947 added 13 million lek to the Albanian revenue. New prices for cotton netted the producers 800 lek per hundred kilograms more than under the old system.

1948 Agreement

The 1948 plan provided that the Yugoslav government should sell abroad Albanian goods worth 565 million lek. In view of the difference between the prices of goods in Albania and the world market, Yugoslavia lost heavily. For example, blister copper cost 81,688 lek per ton in Albania because of high production costs and the poor quality of the mineral, while the price on the world market was about 22,000 lek per ton. Thus Yugoslavia lost 41,781,600 dinars on the amount of blister copper stipulated by the plan. Yugoslavia lost a total of 53 million dinars in such dealings, to say nothing of the poor quality, assortment, packaging, and other factors that influence prices on the world market.

The abolition of customs barriers between the two countries greatly facilitated trade. The Albanian government was given the right, on the basis of the 1947 trade agreement, to purchase 50 million dinars' worth of goods in Yugoslavia on the free market and to transport it to Albania without payment of customs. The Albanian government actually bought an extra 10 million dinars' worth.

Many local industrial enterprises in Yugoslavia signed contracts with the Albanian government to send their entire production for several months to Albania. Most of these products were kitchen pottery and various luxury items such as biscuits, candies, marmalade, cosmetics, tooth paste, shoe laces, combs, and shoe polish. In 1947 the Albanian government asked for and used a credit of 27 million dinars, of its 2 billion-dinar credit, for purchases on the Yugoslav free market. In 1948, Albanian representatives bought over 16 million dinars' worth of goods in this manner, including sugar, notebooks, office material, kitchen furnishings, etc.

According to the plan for 1948, Yugoslavia was to extend to Albania 3 billion-dinar credits; 1,910,000,000 dinars' worth of goods made in Yugoslavia and 585 million dinars' worth of foreign goods. The use of the remainder of the 3-billion-dinar credit was not specified. In connection with the joint Albanian-Yugoslav company, Yugoslavia was to contribute an additional 300 million dinars' worth of machinery and installations, for the most part to be purchased abroad. Albania was to contribute one billion lek worth of goods, or 16.05 percent of the budget. Of this sum Yugoslavia was to export 565 million lek worth.

During the first half of 1948, i.e. until economic relations were broken off by the Albanian government, of the total 779 million dinars' worth of goods contracted for by Albanian enterprises from Yugoslav producers, Albania received 529 million or 68 percent, while another 11,000 tons, or 213 million dinars' worth, had already been loaded and some of it had arrived in Albanian ports. During this period, Albania received 721 farm machines, 90 tons of farm tools, 30 trucks, 22 electric motors, 295 tons of steel, 1,700 tons of anthracite, 5,547 tons of motor oil, 717 tons of gasoline, 2,500,000 meters of cloth, and 1,500 tons of sugar.

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Not counting small consignments merely ordered by telephone, during this period Albania received 5,000 tons of wheat and 1,000 tons of oats. Under the 1948 plan's 3-billion-dinar credit, Albania was to have received 30,000 tons of grain after the harvest, i.e., in September and October. However, the Albanian crop purchase program was a failure, its grain reserve was depleted, and on 10 May 1948 the Albanian government asked the Yugoslav government for 5,000 tons of wheat. This reached Durres by 21 May; subsequently, on request from Albania for 1,000 tons of oats before the harvest, Yugoslavia delivered it, although there were only 1,040 tons in all the granaries in Serbia at the time.

Yugoslavia received 290 million dinars' worth of the billion lek of goods due from Albania in 1948, including 39,000 tons of crude petroleum, 2,494 tons of chrome ore, 5,623 tons of olives, and 2,117 tons of oil. Yugoslavia had been scheduled to receive 10,000 tons of olives, 80,000 tons of crude petroleum, 22 tons of horn, and 7 tons of other material for making combs and buttons (of which only 2 tons of horn were received), etc.

During 1947 and 1948, in accordance with the agreement on economic collaboration, Yugoslavia sent to Albania an additional 2 billion dinars' worth of goods and received 290 million. Thus the Albanian government owed Yugoslavia about 1,700,000,000 dinars, plus another 700 million for equipment for the Albanian Army.

About 730 Albanian youths studied in Yugoslav professional, technical, and industrial schools. All of them received free lodging, food, clothing (two suits per year), books, and spending money (300 - 400 dinars per month). Their Yugoslav fellow-students did not receive these privileges. The Albanian government also granted scholarships for study in Yugoslav universities to another 200 Albanian students.

In May 1948 there were 597 Yugoslav technical personnel in Albania, including 43 engineers, 2 geologists, 6 architects, 2 physicians, 67 technicians, 24 mathematicians, 8 geometers, and a great many others. Only 29 of these were administrative personnel.

Yugoslavia also aided Albania by protecting Albanian rights to German reparations. Yugoslav teams in Germany supervised the dismantling and shipment of installations to Albania as far as Yugoslav ports, while Yugoslav ships carried all this cargo on to Albania. As of 1 November 1948 the Yugoslav Reparations Commission had visited 129 factories in as many German towns on Albania's behalf, had supervised dismantling in 81 factories, and had shipped 3,133 tons of material for Albania.

The discovery of petroleum in Albania at the beginning of the twentieth century, and the first successful soundings at Kucove immediately after World War I, had intensified the international struggle over Albania. The Italian Railroad Company received the first concession to extract petroleum in 1922, but Standard Oil actually was behind the Italian company. Two years later one of the most powerful competitors of Standard Oil, the British Anglo-Iranian Company, appeared in Albania. The French company Credit General des Petroles also obtained concessions. (French capital had already penetrated into Albania; since 1860 French companies had been exploiting the bitumen deposits in Selenice).

Before World War II, Albanian petroleum production never exceeded 200,000 tons (as compared with 6,500,000 tons in Rumania and 700,000 before the war in Poland). However, rich unexplored deposits still remained in Albania, and the competitive struggle among foreign trusts redoubled.

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The Albanian government concluded unilateral treaties with various foreign countries which permitted them to exploit the economic wealth of Albania undisturbed. Chief among these were the various agreements with the US giving unilateral rights with a "most favored nation" clause, reduced customs duties for US goods, and a lease to Standard Oil of 51,000 hectares of land for petroleum exploration, for the insignificant rental of 1,500,000 dinars.

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