

# FOREIGN TRADE RELATIONS OF THE SLOVAK REPUBLIC (1939 – 1945) WITH THE COUNTRIES OF SOUTH-EASTERN EUROPE<sup>1</sup>

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## **Rezumat: Relațiile comerciale externe ale Republicii Slovace (1939 - 1945) cu țările din Sud-Estul Europei**

*Comerțul exterior a avut un rol important în economia slovacă. În mod paradoxal, și spre deosebire de epoca actuală când există o balanță pasivă a comerțului, Slovacia acelor timpuri se afla în pericol din cauza nelimitatelor livrări de bunuri proprii către alte țări. Multe dintre produsele slovace își găsiseră locul pe libera piață europeană. Comerțul exterior a reprezentat un aspect foarte important pentru Slovacia, astfel că această politică a continuat prin documentele normative cu relevanță pentru epoca cehoslovacă. Dovada o constituie faptul că, potrivit actului constituțional 1/1939 (de întemeiere a Republicii Slovace) era asumată legea care reglementa comerțul exterior și responsabilitățile sale aferente. De-a lungul acestei perioade, principalul comerț se realiza cu cel de-al Treilea Reich. După stabilirea relațiilor comerciale cu Germania, interesele de afaceri slovace s-au centrat, de asemenea, pe zona Europei de Sud-Est. Țările din Peninsula Balcanică și Ungaria au fost cele mai importante parteneri comerciale ale Republicii Slovace, după Germania și Italia. Dar în decursul relațiilor comerciale cu majoritatea statelor menționate, trendul deteriorării relațiilor economice reciproce s-a confirmat treptat*

**Abstract:** *The important role in the Slovak economy had foreign trade. Paradoxically, the difference within from the present era, when exist passive balance of trade, Slovakia at this time was in danger with unlimited outlet of its goods in to the foreign countries. A lot of Slovak product founded own position on the empty european markets. The foreign trade was very important aspect for Slovakia, so the the policy continued by the legal acts with relevance of the Czechoslovak era. The evidence is, that according with the constitucional act 1/1939 (establishment of the Slovak republic) was assumed the law which provided foreign trade and duties. Through this period the main trade was realised wit the Third Reich. After solving the trade relations with Germany, the Slovak business interests also focused on the area of South-Eastern Europe. Countries of the Balkan Peninsula and Hungary were the most important trading partner of the Slovak Republic after Germany and Italy. But during the*

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*trade relations with the majority of mentioned countries, the trend of deterioration of mutual economic relations was gradually confirmed.*

**Résumé: Les relations commerciales externes de la République Slovaque (1939-1945) avec les pays du Sud-est de l'Europe**

*Le commerce extérieur eut un rôle important dans l'économie slovaque. De manière paradoxale et à l'encontre de l'époque actuelle lorsqu'il existe une balance passive du commerce, la Slovaquie de ces temps-là était en péril à cause des livraisons illimitées de biens propres vers d'autres pays. Beaucoup de produits slovaques trouvèrent leur place sur le marché libre européen. Le commerce extérieur représenta un aspect extrêmement important pour la Slovaquie, de manière que cette politique continua par les documents normatifs avec relevance pour l'époque tchécoslovaque. Le fait que, conformément à l'acte constitutionnel 1/1939 (de création de la République Slovaque) on s'assuma la loi qui régla le commerce extérieur et ses responsabilités afférentes, en constitue la preuve. Pendant cette période, on réalisait le commerce principal avec le Troisième Reich. Après avoir établi des liaisons commerciales avec l'Allemagne, les intérêts d'affaires slovaques se centrèrent, aussi, sur la zone de l'Europe de Sud-est. Les pays de la Péninsule Balkanique et l'Hongrie furent les plus importants partenaires commerciaux de la République Slovaque, après l'Allemagne et l'Italie. Mais le long des relations commerciales avec la majorité des Etats mentionnés, le trend de la détérioration des relations économiques réciproques se confirma au fur et à mesure.*

**Keywords:** *Slovak state, South-Eastern Europe, Third Reich, economic relations, foreign trade*

## Introduction

Foreign trade represented a highly important role in the Slovak economy in the years 1939 – 1945. Majority of Slovak products found their place within the emptied European markets with no major difficulties. Since, for Slovakia, foreign trade represented a very important factor, at the very beginning of the state an act which continued the trade treaties of the former Czechoslovak Republic was passed. Doing so, the new state clearly declared rules of the foreign trade policy at its very beginning. It is proved by the fact that along with the Act Nr. 1/1939, which declared the Slovak state, the government also issued a ruling of modification of the trade relations between the Slovak Republic and customs outland. The same day the government issued a ruling of foreign exchange regulations as well, which defined that „všetky doteraz vydané predpisy zostávajú v platnosti a vzťahujú sa aj na styk s krajinami českou a moravskosliezskou“. With the provision of the Act Nr. 2/1939 the Slovak state simultaneously accepted all of the commerce treaties, which were sealed up between Czechoslovak Republic

and other countries. This way the new state clearly declared the foreign trade policy principles in the act of formation.<sup>2</sup> The government on authority given by the act from 14th of March 1939 on the independent Slovak state defined:

1. The territory of the Slovak state is an independent customs territory;  
2. For the customs touch of Slovakia with the customs outland is valid the actual Czecho-Slovak tariff act from 14<sup>th</sup> of July 1927, Nr. 114, statutory order hereto act Nr. 168, with all the amendments and changes as well as up to now valid Czecho-Slovak customs tariff;

3. Valid Czecho- Slovak business and political contracts and agreements concluded with foreign states are valid for the liaisons between Slovak state and states in question as well until these states acknowledge them as mandatory. Compensatory and contingent agreements of Czecho-Slovakia with other countries are valid for the Slovak state insomuch that, when enclosing them, the import and export possibilities of Slovakia have to be considered;

4. For the business contact between Slovak state and customs outland are all the present Czecho-Slovak restrictions in import and export and all the Czecho-Slovak regulations of the consent of continuance valid. The Minister of Economy can adjust or change these regulations if necessary;

5. The toll in the Slovak territory isn't collected when importing goods made in Czech regions until further modifications. The same is relevant for the export as well.

- the Minister of Finance with the agreement of the Minister of Economy can free the goods with different origin imported into Slovakia from Czech regions of customs,

- at the declare of goods, which are imported from Czech regions, are all the taxes, duties and charges, which are collected when importing goods from other countries, also collected,

- import and export of goods in liaisons with Czech regions is liable to the consent of continuance. Only the charges set by present regulations are collected within this consent of continuance.

6. Import and export licences issued by the Ministry of Commerce in Prague or other Czech ministries for concerns, which have their dwellings in Slovakia, and are yet unused, are valid only if they have approval clause of relevant Slovak ministry;

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<sup>2</sup> Štefan Teren (ed.), *Národohospodár Peter Zaťko spomína* [The economist Peter Zaťko remembers], Liptovský Mikuláš, Tranoscius, 1994, p. 108.

7. This regulation shall enter into force on the 14<sup>th</sup> of March 1939 and will be executed by the Minister of Economy in accordance with the agreement with relevant ministers.<sup>3</sup>

### **Changes and Challenges in the Slovak's Foreign Trade**

Immediately after the creation of the state, Slovak national economists also tried to maintain some kind of independence while establishing foreign business ties.<sup>4</sup> Negotiations with Poland, which ended by the signing of a trade agreement on the 2<sup>nd</sup> May 1939 in Bratislava, were conducted without consultation with the German side. Berlin's reaction was immediate and two days after the conclusion of the Agreement Germans expressed their disapproval. This fact clearly indicated the future of Slovakia's foreign trade orientation and only after signing a commercial agreement with Germany could the business relationships with other countries be concluded.

On the 10<sup>th</sup> May 1939, an agreement on tourism was signed and shortly after, on 22<sup>nd</sup> June 1939 in Bratislava, so was the first real commercial agreement between Germany and Slovakia. The Agreement was signed by a Minister of Foreign Affairs Ferdinand Ďurčanský and an Ambassador Extraordinary for the Slovak part Štefan Polyák. For the German side, the contract was signed by Ernst von Druffel and Günter Bergemann, a head of the German trade delegation. The document had been in force since the 1<sup>st</sup> July 1939 and provided the legal basis of bilateral economic ties. Duration of its validity was two years and it was automatically extended unless being terminated by either contracting party 6 months before the time specified in the contract.<sup>5</sup> Reich's territory (Germany, Protectorate of Bohemia and Moravia and General Government) therefore represented the main business partner of the first Slovak Republic. In 1939 the foreign trade with the Reich's share on a total export and import of Slovakia represented 80%. On the other hand, the share of Slovakia in German foreign trade fluctuated around 2%. In the following years, this ration declined only slightly and after the suppression of the Uprising we can no longer talk about any independent foreign trade.

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<sup>3</sup> Obchodný styk slovenského štátu s cudzinou [Slovak State business transactions with foreign countries]. in "Slovák", 16 March 1939, p. 2.

<sup>4</sup> *Národohospodár Peter Zatko spomína...*, p. 93.

<sup>5</sup> Antónia Štefániková, *O niektorých aspektoch zahraničného obchodu Slovenskej republiky v období rokov 1939 – 1945* [Certain aspects of the Slovak foreign trade during 1939 - 1945], in "Historický časopis", vol. 48, 2000, no. 3, p. 466.

Slovak foreign trade was primarily oriented on export because of the favourable export situation. High numbers of Slovak export formed in 1939 2 billions 200 million Slovak crowns as opposed to the import with 1 billion 555 million Slovak crowns. Active balance of the foreign trade reached 645 million Slovak crowns. A majority of the shown amount aroused when trading with the Third Reich.

In 1940 the foreign trade of the Slovakia showed following numbers. The total turn-over of the foreign trade presented 6.047 billion Slovak crowns. The import represented 2.872 billion crowns and the export 3.175 billion crowns. The asset for the year 1940 was 302 million Slovak crowns. The dominant place in export and import for Slovakia represented the Third Reich during the whole existence of the state. The share of the total foreign trade of Slovakia represented 41.2% of import and 27.1% of export into Germany. To the notable partners belonged the Protectorate of Bohemia and Moravia with the import share 35.4% and export share 43.5%. The two business partners were followed by: Italy (4.5% - 5.8%), Hungary (4.1% - 5.1%), Romania (4.4% - 3.8%), Yugoslavia (3.3% - 3.8%), Switzerland (0.7% - 2.8%), the Netherlands (0.5% - 2.5%), Turkey (0.7% - 1%), Belgium (0.3% - 0.9%), Bulgaria (0.7% - 0.6%) and Sweden (0.1% - 1%).<sup>6</sup> The foreign trade took place with other countries as well, but it was only in minimum rate.

In 1940 trade negotiations with foreign countries, where experience from the first year of commercial activity was taken for advantage, were carried out intensely. Most of them were old agreements' revisions and their additions (eg. Germany etc.), new were for example contracts with Finland and the USSR concluded in December 1940.<sup>7</sup>

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<sup>6</sup> Slovenský národný archív, Bratislava (SNA BA), f. Ministry of Foreign Affairs (MZV) 1939-1945, box 593: Slovakia's foreign trade in 1940. Until November 1940 the foreign trade with the Third Reich represented 186 million Slovak crowns in liabilities, 70 million crowns in assest with Italy and 71.5 million crowns in assets with Hungary, Yugoslavia, Romania and Bulgaria. Governor of Slovak National Bank (SNB) Imrich Karvaš's speech on the second General Assembly of the SNB in Bratislava - Economic Report for the year 1940. Antónia Štefániková states in the article *O niektorých aspektoch zahraničného obchodu Slovenskej republiky v období rokov 1939 - 1945* that the import produced 2 billions 872 million Slovak crowns, and the export produced 3 billions 185 million Slovak crowns and 313 million Slovak crowns in assets' balance.

<sup>7</sup> *Slovenský priemysel roku 1940*. Výročná správa Ústredného združenia slovenského priemyslu [Slovak industry in 1940. Annual Report of the Central Association of Slovak industry], Bratislava, 1941, pp. 71 - 72.

Gradually implemented counter-export actions of Slovak economists restraining abnormal export of Slovak goods manifested in 1941. The above-mentioned fact is confirmed by statistics of Slovak foreign trade for December 1941. According to these findings, the total turnover of the foreign trade represented 571 million Slovak crowns, in which import represented 326 million crowns and export 244 million crowns. The total trade balance for December 1941 represented 82 million Slovak crowns in liabilities.<sup>8</sup> As regards the business partners, Germany remained dominant with the total import share of 40% and the total export share of 30%. Protectorate of Bohemia and Moravia, which was on the second place of Slovakia's goods' import (27.6%) and export (33.6%), was part of the Third Reich.<sup>9</sup> Next places in the turn-over of foreign trade belonged to: Italy (8.7% - 8.7%), Switzerland (5.5% - 5.5%), Romania (3.6% - 9.4%) and Hungary (4.4% - 6%).<sup>10</sup> Total turn-over of foreign trade in 1941 featured 6.677 billion Slovak crowns: import – 3.486, export 3.191 billion crowns.

Year 1941 was a third year of war and European countries adapted their economic policies to it. Trade routes to overseas markets, which were in 1940 at least partially open, completely closed in 1941. A South-East route, through Turkey to the Middle East and, in the first half of the year, a route to East across the USSR still remained open. Thus a Danube route, which was fully utilized, became very important.<sup>11</sup>

In foreign trade relations Slovakia had concluded contracts with almost all European countries except Sweden, Spain, Portugal and France. Trade negotiations with individual countries in 1941 were more detailed and included more specific business areas. Financial issues had come significantly to the forefront and pricing agreements with foreign countries had been concluded.<sup>12</sup>

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<sup>8</sup> SNA BA, f. Government Presidency Office 1939 – 1945, box 87. A statistical overview of the Slovak state's foreign trade in December 1941.

<sup>9</sup> For the comparison we can point out, that the export from the Protectorate of Bohemia and Moravia into the Slovak state in the fourth term in 1939 represented a sum of 309 millions and the import 385 million Protectorate crowns. Národní archiv Praha, f. Ministry of Economy and Labour 1942-1945, Nr. 194, box 210.

<sup>10</sup> SNA BA, f. Government Presidency Office 1939 – 1945, box 87. A statistical overview of the Slovak state's foreign trade in December 1941. Till November 1941 the foreign trade of Slovakia represented 6.1 billion Slovak crowns; import 3.2 billions and export 2.9 billions. Governor of Slovak National Bank (SNB) Imrich Karvaš's speech on the third General Assembly of the SNB in Bratislava – Economic Report for the year 1941.

<sup>11</sup> *Slovenský priemysel roku 1938*, Výročná správa Ústredného združenia slovenského priemyslu [Slovak industry in 1938. Annual Report of the Central Association of Slovak industry], 1939, p. 87.

<sup>12</sup> *Slovenský priemysel roku 1938...*, p. 91.

In 1942 this sum grew to 9.450 billion crowns: import – 4.748 billions, export – 4.701 billions. Liable balance of the Slovakia's foreign trade formed in 1941 a total sum of 294.9 million Slovak crowns and in 1942 fell to 47 million crowns. On the example of selected months we can characterize the evolution of the liable trade balance in 1942. April: export – 210 million Slovak crowns, import – 265 millions, liability – 55 millions; May: export – 242 millions, import – 384 millions, liability – 142 millions; September: export – 253 millions, import – 366 millions, liability – 113 millions; October: export – 256 millions, import – 331 millions, liability – 75 million Slovak crowns.<sup>13</sup>

According to the annual report of the Central association of Slovak industry, the turn-over of foreign trade in the year 1943 increased by 30% and compared to the two previous years it showed surplus. In the middle of the year 1943 the foreign trade of Slovakia showed positive numbers: export – 419 millions, import – 396 millions, assets – 23 million Slovak crowns.<sup>14</sup>

### Doing Business in Hungary

After resolving its trade relations with the Reich, the 1<sup>st</sup> Slovak Republic carried out some dealings and concluded commercial agreements with other countries as well as tried to adapt in the region of South-Eastern Europe.

Hungary, where Slovak wood had been exported and from where agricultural products had been in turn imported for years, was an important business partner in the Slovak economy point of view. Agreement on mutual exchange of goods between the Slovak Republic and the Kingdom of Hungary was signed in November 1939 in Budapest and amended in March and April 1940. The contract did not concern the implementation of private compensations among countries which were authorized by national banks or competent authorities.<sup>15</sup> The Slovak-Hungarian agreement contained import contingents, which were divided into three groups. The first one, a so-called "Dredomy", was designed to export Slovak wood into Hungary and import Hungarian agricultural products. In the second, "industrial" group, an exchange of Slovak industrial articles and Hungarian industrial and agricultural products was carried out. The third group was represented, as in the previous period, by the "Rimamuránsko –

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<sup>13</sup> Politisches Archiv des Auswärtigen Amtes Berlin (PA AA Berlin), f. Legation of Bratislava, box 262. A statistical overview of the Slovak state's foreign trade for April, May, September, October 1942.

<sup>14</sup> PA AA Berlin, f. Legation of Bratislava, box 262. A statistical overview of the Slovak state's foreign trade in June 1943.

<sup>15</sup> Antónia Štefániková, *O niektorých aspektoch zahraničného...*, p. 468.

Šalgotarjárska Company” which exported iron ore and some wood species from Slovakia in exchange for the import of Hungarian pigs, lard, bacon and some types of seeds.<sup>16</sup> The foreign trade with Hungary also continued in 1940 in three product groups and the import from Hungary amounted to 118 million Slovak crowns (4.1% of total import). In contrast, the export into Hungary reached an amount of 160 million Slovak crowns (5.1% of an overall export). Therefore, Hungary ranked third in Slovak foreign trade after the German Reich and Italy.<sup>17</sup>

Trading with Hungary concerned the negotiations completed at the end of February 1941. The issue of guidance on import and export licenses was a part of those negotiations. According to the agreement, the export and import licenses were issued for a period of three months and their validity could have been extended for another three months. A novelty in Slovak-Hungarian relations was the establishment of a mixed government committee whose task was to monitor the mutual exchange of goods and to detect potential obstacles.<sup>18</sup> The agreement of 28<sup>th</sup> February 1941 signed in Bratislava also included contingents for the new contract period.

In January 1942 some arrangements were made in the commodity exchange with Hungary when an authorization regulation on export of goods to Hungary bound by a confirmation of Slovak National Bank was introduced. The reason for the introduction of this regulation was that the Hungarian National Bank autonomously changed the exchange rate of Hungarian pengő against the Slovak crown.<sup>19</sup> Interestingly, the foreign trade between the two counties was carried out in a steady manner even in the final period of WWII when business relations with other states were carried out only minimally.

### **How important was Romania?**

The Slovak state was gradually trying to adapt in the foreign trade on Balkan, where it was enclosing business deals with several countries, as well. Last country to recognize the first Slovak Republic before the outbreak of WW II was on the 18<sup>th</sup> August 1939 the Kingdom of Romania. Political relations between Slovakia and Romania were smooth, which arised from the shared past in former Great Hungary and common struggle for national freedom. Mutually good political

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<sup>16</sup> *Slovenský priemysel roku 1939* [Slovak industry in 1939. Annual Report of the Central Association of Slovak industry], 1940, p. 65.

<sup>17</sup> *Slovenský priemysel roku 1940...*, p. 84.

<sup>18</sup> PA AA Berlin, f. GP, box 238. *Hospodárske Rozhl'ady*, p. 120.

<sup>19</sup> Pavol Petruf, *Zahraničná politika Slovenskej republiky 1939 – 1945* [Slovakia's Foreign Policy 1939 - 1945], Bratislava, HÚ SAV, 2011, p. 84.

relations were confirmed by an active cooperation within the Slovak-Romanian Company headed by the Minister for Transport Július Stano. Branches of the company were established in Slovakia, on the 8<sup>th</sup> April 1943 in Trenčín and on the 10<sup>th</sup> May 1943 in Prešov. Good cultural and social relations were, of course, strengthened by the relatively strong presence of Slovak minority in Romania based on a long historical tradition.

First Romanian diplomatic representative on Slovak territory was Dinu Hiott, who arrived in Bratislava on the 17<sup>th</sup> September 1939. In early April 1940 a new Romanian diplomat arrived to Bratislava, an Ambassador Extraordinary and Minister Plenipotentiary Nicolas Lahovary. New ambassador was received by President Jozef Tiso on an audience of entry into office on the 15<sup>th</sup> April 1940. The Romanian envoy had resided in Slovakia until March 1941 when he was reassigned to Bern. His successor was Gheorghe Elefterescu, who previously worked at the Romanian Ministry of Foreign Affairs. The new ambassador was received on the 9<sup>th</sup> April 1941 by the Prime Minister and Minister of Foreign Affairs Vojtech Tuka and an audience with the President of the Republic was realized the next day. Slovak Republic was also represented in the Kingdom of Romania by its diplomat, an Ambassador Extraordinary and Minister Plenipotentiary, Dr. Ivan Milecz. After obtaining consent from Romanian king Charles II., he travelled to Bucharest on the 2<sup>nd</sup> September 1939, where he subsequently attended an audience of entry into office on the 14<sup>th</sup> of September 1939.<sup>20</sup> Both countries had established friendly diplomatic relations between each other as demonstrated by many joint events or by granting the highest state awards.

In order to establish good business relations with Romania, a Slovak business delegation travelled to Romania in November 1939 to conclude new business agreement. Business negotiations were successful and a Slovak-Romanian trade agreement was concluded in Bucharest on the 4<sup>th</sup> December 1939 and was modified on the 5<sup>th</sup> of June 1940 by an Agreement of Slovak and Romanian National Bank on financial payments.<sup>21</sup> On the same day in December, an agreement on the prohibition of double taxation waterways transport companies was concluded. It is interesting that both contracts were only approved by Slovak parliament on the 10<sup>th</sup> September 1942 with a statement that the contracting parties create normative preconditions to facilitate and develop trade

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<sup>20</sup> Pavol Petruš, *Zahraničná politika Slovenskej republiky 1939 – 1945,...*, pp. 214 – 218.

<sup>21</sup> SNA BA, f. MH 1938 – 1945, inventory Nr. 27, box 222.

relations, especially business, trade license, export, import or acquisition of movable or immovable property issues.<sup>22</sup>

Business with Romania had to be carried out in free foreign exchange, which caused considerable difficulties on the Romanian side and the Romanian authorities preferred to try to impede the importation of Slovak products that Romania could obtain through clearing, for example in Germany. Romanian party tried to resolve those payment difficulties by changes in the payment agreement. To achieve this, Slovakia-Romanian negotiations were held on the 25<sup>th</sup> October 1940 where the Romanian party pushed changes from mutual payments to clearing payment system. The Slovak party argued that it regularly paid Romania in free foreign exchange for the purchase of fuel and other goods so the foreign exchange that could cover imported goods from Slovakia had been provided to Romania.<sup>23</sup> This is why the Romanian party rather preferred purchasing goods in countries that had concluded clearing payment system with Romania.

According to an official publication *Comerțul exterior al României*, the most important export commodity in Romanian foreign trade of 1940 was kerosene – 62.5% (and in 1941 72.6%) and crops – 18.3% (in 1941 13%). Import was dominated by iron and iron products – 23.4%; machinery, apparatus and engines – 17.4%, vehicles – 10.7%, other metals – 12.7% and textiles – 11.3%. The dominant trade partner of Romania was Germany: import in 1940 – 50.6% (in 1941 – 63.6%), export – 43.6% (in 1941 – 65.4%) together with the Protectorate of Bohemia and Moravia: import in 1940 – 13.7% (in 1941 – 3.7%), export – 5.6% (in 1941 – 3.3%). The second most important partner of Romania was Italy: import in 1940 – 9.5% (in 1941 – 15.4%), export – 9.4% (in 1941 – 11.6%).<sup>24</sup> As the statistics above show, the major business partners were allied countries, the German Reich and Italy.

Romania represented a traditional supplier in trade with Slovakia as well: diesel oil, petroleum distillates<sup>25</sup>, oilseeds and corn; goods exported on its territory: magnesite, textile semi-finished products, glass products,

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<sup>22</sup> *Náš medzištátny styk* [Our interstate relations], *Budovateľ*, vol. 4, 11<sup>th</sup> September 1942, p. 2.

<sup>23</sup> Antónia Štefániková, *O niektorých aspektoch zahraničného...*, pp. 469-470.

<sup>24</sup> *Zahraničný obchod Rumunska* [Foreign trade of Romania], *Budovateľ*, vol. 3, 27 December 1941, p. 4.

<sup>25</sup> Romanian raw oil materials such as gasoline, petroleum distillate and crude oil sprayed with gasoline formed the main part of the processed raw materials of the State's mineral oil refinery in Dubová. PA AA Berlin, f. GP, box 204. The export of Gbelian oils from State's mineral oil refinery in Dubová into foreign exchange and purchase of Romanian raw oil materials.

electrical engineering and metal industry. In 1940, Romania ranked in import to Slovakia at third place – 125 million Slovak crowns (after Germany and Italy) and at fourth place in export – 121 million Slovak crowns (after Germany, Italy and Hungary). According to the Decree of 18<sup>th</sup> December 1940, the mutual trade banned the export of the following foods: wheat flour, pasta, semolina, bread, rusks, sugar, spirits, honey, jam, vegetable oils, olives, rice, tea, coffee, cocoa, chocolate, onions, nuts. In November 1940 and February 1941 other types of food were also included among the listed items.<sup>26</sup> Lower trade turnover with Romania was anticipated for the future since major parts of its territory were annexed by the USSR, Bulgaria and Hungary. This assumption had been fulfilled as early as in 1941 when commodity exchange dropped in import on 1.9% and in export on 2.3%. Stable level of import was only maintained by mineral oils that were very important for Slovakia.<sup>27</sup> Mutual business relations were also reduced by the active participation of Romania in the war against the USSR.

In order to deepen the bilateral economic relations, Romanian Minister of Economy Marinescu visited Slovakia in November 1941.

The regulation of mutual trade and payment relations between the countries was signed on the 14<sup>th</sup> April 1942. The agreements had validity of one year and determined major commodities of business relations. If one country had high active trade balance, it could regulate import while the price level was equalized. The concluded payment agreement had an unlimited validity, but the contracting party could terminate it with a month's notice. All payments for goods continued to be carried out in free foreign exchange accordingly to the creditor country. Other payments not arising from commodity contact were carried out through a limited clearing according to the agreement of 5<sup>th</sup> June 1941.<sup>28</sup>

The Romanian Ministry of Propaganda evaluated the concluded contracts and bilateral economic relations very positively and stated that the mutual

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<sup>26</sup> PA AA Berlin, f. Gesandtschaft Pressburg, box 238. *Hospodárske Rozhl'ady*, p. 122.

<sup>27</sup> Certain problems with raw material imports occurred after the attack on the USSR. Supplies of crude oil were distributed and the allocated quota was barely enough for the usage of half the capacity of Slovak refineries. Insufficient contingent resulted in a general lack of mineral oil in the European market. The interruption of traffic routes in Balkans during the first half of the year made the deliveries of Romanian materials impossible for some time. *Slovenský priemysel roku 1941. Výročná správa Ústredného združenia slovenského priemyslu* [Slovak industry in 1941. Annual Report of the Central Association of Slovak industry], 1942, p. 23.

<sup>28</sup> *Hospodárske styky s Rumunskom* [Economic relations with Romania]. *Budovateľ*, vol. 4, 21 August 1942, p. 4.

exchange of goods would achieve substantial growth. But the business relations had recorded some problems, particularly in payment issues, and the improvement of economic relations with Romania in 1942 did not occur, when the import of Romanian goods to Slovakia dropped to 1.3% of the overall Slovak import, but the export from Slovakia to Romania represented 12.5% of total Slovak export. This situation was also influenced by the deteriorating economic situation of Romania, where price measures were starting to be introduced in response to rising prices. It was, for example, an introduction of a special bonuses for mining undertakings for manufactured gold or the adoption of a regulation on the extension of the Act on additional levy by the 1<sup>st</sup> April 1944. At the same time, prices for tobacco, cigars, cigarettes, cigarette paper, playing cards increased by 50% and the price commissioner ordered a re-increase in sugar prices. Profits from higher prices went straight to the state treasury.

In March 1943, negotiations of the Slovak party with Italy, Hungary and Romania were held in Bratislava. The basic objective of the negotiations was to reach an agreement on the fixed prices of exported products. The Price Agreement with Romania was concluded on the 15<sup>th</sup> April 1943. The price issue was extremely important as the price levels between both countries were very different. Romanian high export prices complicated the mutual foreign trade and the business in agricultural sector almost completely stopped. So the held negotiations were to improve the existing situation. The new contingent agreement was valid until the 14<sup>th</sup> April 1944 and anticipated an exchange of goods amounting to 400 million Slovak crowns. Business had still been carried out in free foreign exchange and a balance of commodity exchange had been controlled every quarter year.<sup>29</sup>

By the agreement of November 1943 had Romania carried out further supplies of agricultural crops, which were intended to drain the claim of Slovakia on a so called special account while also reaching an agreement on expansion of the mutual commodity exchange. The basic export products still remained oil and petroleum distillates, but also arms, cotton yarn and other textile products.

Minister of Economy Gejza Medrický tried to deepen the mutual economic relations which, despite the Agreement on expansion of commodity exchange, did not form the required intensity. The mutual political and economic relations definitively ended by the Romanian declaration of war against Germany on the 24<sup>th</sup> August 1944.<sup>30</sup>

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<sup>29</sup> *Cenový stop so zahraničím* [Price cap with foreign countries]. *Budovateľ*, vol. 5, 23 April 1943, p. 17.

<sup>30</sup> Pavol Petruf, *Zahraničná politika Slovenskej republiky 1939 – 1945...*, p. 222.

### Slovak's Foreign Trade with Bulgaria

As regards the Balkans region, import of tobacco, oilseeds, hides and rice was carried out from Bulgaria in exchange for Slovak cellulose, wood and so on. Slovak government was informed about the establishment of diplomatic relations on the 5<sup>th</sup> August 1939 by a Bulgarian Honorary Consul in Bratislava František Michera. The Slovak party was satisfied by the decision, whereas Bulgaria was of important political position in the Balkans.<sup>31</sup>

Economic negotiations between the two countries took place in Sofia in July and August 1940. The aim of the negotiations was to conclude a framework business contract that had to replace a previously established temporary status lasting from the 14<sup>th</sup> March 1939. Because on the basis of Section 3 of the Government Decree no. 2/1939 of the 14<sup>th</sup> March 1939 a commercial agreement of Bulgaria with Czechoslovakia and the Agreement on the exchange of goods and payments between the two banks of issue of the 24<sup>th</sup> October 1939 were temporarily used. A conceptual business contract was agreed upon on the 12<sup>th</sup> August 1940 under the most favoured nation clause. The contractual parties also agreed on its force from the 1<sup>st</sup> September 1940. Under the agreement, the exchange of goods between the states was carried out solely through private compensations approved in each particular case by the authorities of both countries. Due to a shortage of time, the delegations failed to sign a veterinary agreement which was then replaced by the Commercial Agreement between Czechoslovakia and Bulgaria of the 29<sup>th</sup> August 1933.<sup>32</sup> Interesting about the economic relations with Bulgaria is that around 800 Bulgarian gardeners worked in Slovakia.

In order to further develop the economic relations an agreement on a mutual exchange of goods between both countries was signed in Sofia on the 4<sup>th</sup> September 1942 with effect from the 1<sup>st</sup> September 1942 till the 31<sup>st</sup> August 1943. The agreement was based on private compensations which were authorized after a previous trade agreement by a Slovak Ministry of Economy and Bulgarian Directorate for Foreign Trade. Special contingents had not been agreed on as any compensatory business had to be approved separately after a mutual agreement. Dominant supplies from Bulgaria were oilseeds, lamb

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<sup>31</sup> *Ibid.*, p. 223.

<sup>32</sup> SNA BA, f. MH 1938 – 1945, inventory Nr. 27, box 11. Slovak-Bulgarian trade agreement of the 12<sup>th</sup> August 1940.

leather, tobacco, opium, etc. Slovak deliveries were based on industrial products, chemicals and so on.<sup>33</sup>

In the context of economic relations between the two countries, Slovakia has participated in the International Sample Fair in Plovdiv in 1940 and subsequently in 1942. The Fair was divided into Bulgarian and foreign part and the exhibitors presented typical products of their economies there. Slovakia mainly exhibited its industrial products, products of wooden economy and domestic industry.<sup>34</sup> Similar "Danube Fair" organized in Bratislava by the Slovak Republic focused on a presentation of products of individual countries and a development of mutual trade relations.

Mutual Slovak-Bulgarian relations had mainly developed in the area of culture or diplomacy and the economic sphere remained in the background despite the desired expectations. On the basis of the initial trade agreement a new agreement was signed on the 8<sup>th</sup> September 1943 in Bratislava and had been in force until the 31<sup>st</sup> August 1944.<sup>35</sup>

### **Large Room for Growth: Trade with Yugoslavia, Croatia and Turkey**

A very interesting fact was a realization of trade relation on the territory of Yugoslavia. Slovak delegation had concluded a trade agreement with Yugoslavia before Germany invaded it. The Slovak state signed a temporary deal about business and payment liaison with Yugoslavia in June 1939. Both sides acknowledged Czechoslovakia – Yugoslavian business precontract and established clearing accounts. During the first several months, the Slovak state registered a liable balance in the system of payments that resulted from a specific restraint from the Yugoslavian part, which resulted in difficulties of the Slovak purchase in Yugoslavia. The change occurred in December 1939, when the Slovakian clearing balance became positive. On the whole, we can quantify the foreign trade between Slovak state and Yugoslavia in 1939 to about 40 million Slovak crowns. Majority of the goods imported from Yugoslavia were grease, tobacco, swines or tropical fruits, on the other hand Slovakia mainly exported cellulose, barley, building material, printing-paper etc.<sup>36</sup>

In 1940 a new business negotiations started with Yugoslavia. The negotiations took place on the 25<sup>th</sup> of July 1940 in Belgrade. Consequently, a new

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<sup>33</sup> *Náš medzištátny styk...*, p. 2.

<sup>34</sup> *Prvý veľtrh Veľkého Bulharska* [The first fair of Great Bulgaria]. Budovateľ, vol. 4, 10 April 1942, p. 2.

<sup>35</sup> Pavol Petruf, *Zahraničná politika Slovenskej republiky 1939 – 1945...*, p. 233.

<sup>36</sup> *Slovenský priemysel roku 1939...*, p. 69.

Commerce and Navigation Treaty with the veterinary agreement and the agreement on the mutual goods exchange was signed on the 3<sup>rd</sup> of August. Peter Zaťko and Ján Országh signed the treaty for the Slovak state and Svetomír Lazarevič for Yugoslavia. The treaty involved a clause on the highest benefits and the expected goods exchange was estimated on 70 million Slovak crowns per year. But in 1940 there was a massive growth of the mutual goods supplies and the import from Yugoslavia reached 94 million and the export from Slovakia 122 million Slovak crowns' worth sum.<sup>37</sup> The agreement on the payment liaisons involved a statute on mutual remittance through clearing accounts.<sup>38</sup> The enclosed agreements presented a foundation of the business relationships until the defeat of Yugoslavia and also served as a foundation for business relationships between the Slovak state and Croatia. After the defeat of Yugoslavia, there remained a Slovak clearing claim about 20 million Slovak crowns in mutual business. The liquidation of the above-mentioned balance was handled by Croatian State Bank.

After the adaption of Slovak and Croatian diplomatic deputies in individual countries, the mutual relations started to develop relatively intensely. To this contributed a fact, that both countries didn't have any serious disagreement and because they didn't have common borders, there were no territorial claims. Several other important factors contributed to the mutual unity. First, there was a shared guarantee of a formation of both countries, which was the Tird Riech. The leaders of the states and their political leaderships were allied with the Axis' members and their political representatives. Both states signed the Tripartite Pact and together they became a part of building a „new Europe“, which supposed to be a substance of a new power-political organization of the World.<sup>39</sup>

We can find parallels between the Slovak state and the Independent Croatian state even in the economic area. Both states became a part of a German large economic area and during the whole existence they were more or less forced to satisfy German demands. The more the country was politically and economically fixated to the Reich, the easier was to enforce admissions from its representatives for Berlin, which headed to a fulfillment of Berlin's own interests. The exemplary cases were Slovakia and Croatia – states that were formed as by-products of the German expansive foreign policy.<sup>40</sup>

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<sup>37</sup> *Slovenský priemysel roku 1940 ...*, p. 86.

<sup>38</sup> *Obchodná zmluva s Juhosláviou* [A commercial agreement with Yugoslavia], in “Slovák”, 7 August 1940, p. 8.

<sup>39</sup> Pavol Petruš, *Zahraničná politika Slovenskej republiky 1939 – 1945*, p. 241.

<sup>40</sup> Ľudovít Hallon, *Historický prehľad náboru slovenských pracovných síl 1943 – 1945* [Historical overview of the recruitment of Slovak workers 1943 - 1945]. in *Podoby*

Mutual economical connection in German large area economy ushered in the ambition of both countries<sup>41</sup> to develop their shared economic relations, in which both sides were interested, shortly after the declaration of the Independent Croatian state.

According to the agreed terms Croatia should supply Slovakia mainly with: tobacco, corn, wine, fish, dried fruit (plums, cherries), jam etc. On the other hand, Slovakia should export into Croatia: fireclay bricks, talc, paper, cellulose, brewing barley, some textile products (ladies' underwear made of synthetic silk), asbestos products, chemicals and other products.

Payments between the both states were carried out through the collecting accounts „A“ and „B“ in Croatian state bank in Zagreb and in Slovak mortgage and communal bank in Bratislava and same accounts in SNB in Bratislava. Through the collecting account „A“ the payments for goods, transportation and incidental expenses arising from trade relations were held. Through the collecting account „B“ the payments for diplomatic envoys were carried and savings of Croatian citizens in Slovakia and Slovak citizens in Croatia were transferred.

The annual trade exchange was estimated on the grounds of previous business experiences of trading with Yugoslavia on the sum between 80 and 100 million Croatian kunas. The exchange rate of Slovak crown and Croatian kuna<sup>42</sup> was estimated according to the rate of German Mark on the value of 100 crowns – 172 kunas (the exchange rate on Protectorate crown was 100 crowns

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*nemecko-slovenského „ochranného priateľstva“. Dokumenty k náboru a nasadeniu slovenských pracovných síl do Nemeckej ríše v rokoch 1939 – 1945* [Forms of German-Slovak “Protective Friendship”. Documents to Recruitment and Deployment of Slovak Workfolks in German Reich from 1939 till 1945], Bratislava – Banská Bystrica, HÚ SAV Bratislava – FHV UMB Banská Bystrica, 2012, pp. 32 – 34; BArch Berlin, f. R 43-II/625. Die Ergebnisse der Erhebung über die ausländischen Arbeiter und Angestellten vom 25. April und 25. September 1941.

<sup>41</sup> Croatia was, as well as Slovakia, mainly an agrarian country, where 80% of population work in agriculture and 20% in industrial trade and third sector (in Slovakia 52% of population worked in agriculture, so the industrial sektor was represented in greater amount), in *Chorvátsky štát je krajinou sedliakov* [Croatian state is a country of peasants], in “Slovák”, 30 Juli 1941, p. 7.

<sup>42</sup> A new currency in Croatia, *kuna*, was formed after the collapse of Yugoslavia. A hundredth of kuna was called *banica*. The new currency had the exchange rate assimilated to the Yugoslavian dinar and 20 Kn wa equal to 1RM, according to *Kuna – nová chorvátska mena* [Kuna - new Croatian currency], in “Gardista”, 15 May 1941, p. 7.

– 200 kunas).<sup>43</sup> Despite the apparent efforts of both sides it soon showed that Croatia due to internal problems was not able to maintain its contractual obligations and the trade exchanges were carried out only with difficulties. Big problem in terms of supply caused Croatians a pillaging by Italy and Germany as well (200 000 Italian soldiers), and the unstable military and political situation in the country.<sup>44</sup>

The economic situation in both countries only confirmed the fact that foreign trade between the two countries was not too intense and even despite some expansion of commodity exchange in 1942, the trade relations were conducted in reduced, and since 1944 in minimal, quantity.

Slovak companies also established a contact with Turkish market where an exchange of Turkish cotton for Slovak sugar, nails, web and structural iron was significant. In 1940, the bilateral trade with Turkey reached the amount of 53 million Slovak crowns of which import from Turkey amounted to 20.5 million and export to 32.5 million Slovak crowns.

On the initiative of the Turkish government, a list of importers and exporters who traded with Slovak Republic was drawn up on the 13<sup>th</sup> February 1941. Head offices of the Associations of importers and exporters were in Istanbul and Izmir and their branch offices were throughout the whole territory of Turkey.<sup>45</sup>

The foreign trade with the above mentioned countries was still carried out in the first half of 1944, but largely minimized after the outbreak of the Slovak National Uprising.

## Conclusions

Ultimately, when evaluating Slovak foreign trade, some facts that helped partially reduce the huge dependence on Germany can be stated. Slovakia, for example, resisted the introduction of the Deutschmark as a second tender on its territory. This had a positive impact on the Slovak economy because it limited the opportunity to buy up the supplies of the national market. Slovak Republic also benefited from a duty-free trade with the Czech lands since a large number of Slovak goods went to the Protectorate. To maintain as much independence of economic policy as possible, clearing accounts with different

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<sup>43</sup> SNA BA, f. MH 1938 – 1945, box 23: Business contract, payment agreement and veterinary agreement between the Slovak state and the Independent Croatian state.

<sup>44</sup> Martin Jarinkovič, *Slovensko a Južoslávia v rokoch II. Svetovej vojny* [Slovakia and Yugoslavia during the years of the World War II], Banská Bystrica, 2012, p. 97.

<sup>45</sup> PA AA Berlin, f. Gesandtschaft Pressburg, box 238. Hospodárske Rozhl'ady, p. 124.

courses and marks were introduced and a double registration of goods was carried out. Slovak economists resisted the excessive centralization of the economy within the limits of German influence and, by falsified balance sheets and statistics, justified the negative handling of German requirements. The Slovak business interests focused on the area of Central and South-Eastern Europe. Beside Germany and Italy, the most important trading partners of the Slovak Republic were Hungary, Romania, Bulgaria, Yugoslavia, Croatia and Turkey. Yet, the foreign trade with these countries decreased as the trend of degradation of mutual economic relations was gradually confirmed. This fact arised mainly from the gradual deterioration of the economic situation in individual countries and difficulties in the financial execution of realized transactions, which were related to the intensifying impact of World War II on the states directly or indirectly involved in the devastating military conflict.