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**THE CENTRAL BUREAU OF OPIUM
IN CONSTANTINOPLE: THE SEGMENT
OF YUGOSLAV - TURKISH ECONOMIC RELATIONS
BETWEEN THE TWO WORLD WARS**

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Abstract

Establishing diplomatic relations between the Kingdom of Serbs, Croats and Slovenes and the Republic of Turkey in 1925 defined the ways of the cooperation of these two countries concerning politics, army, economy, culture and education, as well as many other areas. Signing numerous bilateral agreements that regulate the unsolved mutual questions during the second half of the 20s and at the beginning of the 30s of the last century improved mutual relations that were intensified, particularly after signing the Balkan Pact in 1934. The important segment is the cooperation regarding the economy which was significantly improved with the temporary changes in the years of the world economic crisis. Common participation in the world market of opium, which was seen through the acting of the “Turkish-Yugoslav Central Bureau of Opium” in Constantinople, was a particularly important fact.

This paper, the heuristic base of which consists of archival sources, published sources, the press from that period and relevant bibliography - presents the basic characteristics of running the business of the Yugoslav-Turkish “bureau”.

Key words: the Kingdom of Yugoslavia, the Republic of Turkey, opium, trade, Constantinople.

ЦЕНТРАЛНИ ОПИЈУМСКИ БИРО У ЦАРИГРАДУ: ЈЕДАН СЕГМЕНТ ЈУГОСЛОВЕНСКО-ТУРСКИХ ЕКОНОМСКИХ ОДНОСА ИЗМЕЂУ ДВА СВЕТСКА РАТА

Апстракт

Успостављање дипломатских односа између Краљевине Срба, Хрвата и Словенаца и Републике Турске 1925. године трасирало је путеве сарадње двеју држава – на политичком, војном, економском, културно-просветном и другим нивоима. Потписивање бројних билатералних споразума којима су регулисана нерешена међусобна питања током друге половине 20-их и почетком 30-их година прошлог века, унапредило је узајамне односе, чије интензивирање је уследило нарочито након склапања Балканског пакта 1934. године. Значајан део представљала је сарадња на плану економије, која је, уз повремене осцилације у годинама светске економске кризе, бележила видан напредак. Посебно важан импулс у том смислу давао је заједнички наступ на светском тржишту опијума, изражен кроз деловање „Турско-југословенског централног опијумског бироа” у Цариграду. У овом раду, чију хеуристичку основу чине необјављена архивска грађа, објављени извори, оновремена штампа и релевантна литература, изложене су основне одлике пословања југословенско-турског „опијумског бироа”.

Кључне речи: Краљевина Југославија, Република Турска, опијум, трговина, Цариград.

INTRODUCTION

Signing the Treaty of Peace and Friendship between the Kingdom of Serbs, Croats and Slovenes (SHS) and the Republic of Turkey on October 28 in 1925 is considered the final act of transcending the absence of diplomatic relations between the two countries, which were established after the WWI, but the joining of which as well as the normalization of the mutual relations, were permeated with numerous unsolved issues that originated from the period before the war. Namely, the Kingdom of Serbs, Croats and Slovenes firstly refused to sign the Peace Treaty of Sèvres with the government of sultan on August 10 in 1920, and then the Lausanne Peace Treaty with the government of the newly formed Republic of Turkey on July 24 in 1923 because of the disagreement with the amount of the so-called Ottoman debt,¹ that Turkey should have paid as the country-inheritor of the Ottoman empire (Todorović, 1979, pg. 228-229; Лазаревић, 2001, pg. 35; Након, 2011, pg. 55, 76). During the sultan's government, its diplomatic relations with the Kingdom of SHS were not established except the fact that when the allied high commissioners were established in Constantinople, the Yugoslav representative, who was unofficially and informally in contact with

¹ The “Ottoman debt” was finally paid on April 18 in 1924. The Kingdom of SHS owed 5.434.597 Turkish liras, namely 5,25% of its total amount (Жупанчић, 2004, pg. 12).

the Turkish authorities, but also with the representatives of the movement of Mustafa Kemal-Pasha in Ankara, was delegated as well. (Жупанчић, 2004, pg. 10).

The initial step for establishing and normalizing the diplomatic relations of these two countries was made by the end of December in 1925, when the Turkish minister of Foreign Affairs Ruzhdi bey visited Belgrade.² On that occasion he talked to his colleague Momčilo Ninčić, Nikola Pašić, King Aleksandar Karađorđević and to other diplomatic officials of the Kingdom of SHS about “signing the trade treaty and some other conventions”.³ Interlocutors agreed that strengthening the mutual relations is of strategic importance for both countries, but that there is also a series of open questions that should be discussed with respect to the mutual interests.⁴ The finalization of the mutual efforts owing to establishing diplomatic relations took part on October 28 in 1925 by signing the Treaty of Peace and Friendship, which was ratified on February 1 in 1926 (Жупанчић, 2004, pg. 9).

Economic relations between the Kingdom of SHS and the Republic of Turkey during the ‘20s of the 20th century were on a low level, and were also, almost completely, based on the trade exchange, the extent of which may be regarded in the following table:

² „Долазак турског Министра Иностранних Дела у Београд“, *Време*, 21. XII 1925, 1; „Данас стиже у Београд Рушди беј турски министар спољних послова“, *Време*, 24. XII 1925, 1; „Изјаве Рушди-беја Политици“, *Политика*, 25. XII 1925; „Рушди-беј у Београду“, *Политика*, 26. XII 1925.

³ „Ми и Турска“, *Време*, 26. XII 1925, 2; „Рушди-беј у Београду“, *Политика*, 26. XII 1925; „Јуче је Рушди-беј примљен у аудијенцију код Краља“, *Време*, 26. XII 1925, 3.

⁴ The daily press in Belgrade carefully followed this diplomatic visit, reporting the readers on its different aspects in detail, emphasizing that “the total agreement on the aspects between our and Turkish government is established“. The following was emphasized in the communique which was published by the Press Department of the Ministry of Foreign Affairs of the Kingdom of SHS, after the conversation between Ninčić and Ruzhdi bey: “During the meeting of ministers from the Ministry of Foreign Affairs of the Turkish Republic and the ministers of the Kingdom of Serbs, Croats and Slovenes general politics was considered and particularly the issues that were directly a matter of their countries’ interest, namely the contracts and conventions on trade, consular convention on the establishment as well as on the emigration. On that occasion two ministers stated that there is a friendship between these two countries and their total agreement of opinion too; they expressed wishes for consolidating peace as well as honest and friendly relations with all countries“. „Шта је претресано на састанку г.г. др. Нинчића и Рушди-беја“, *Време*, 27. XII 1925, 1.

Table 1. The trade balance between the Kingdom of SHS and the Republic of Turkey 1923-1930

Year	Export from the Kingdom of SHS (in thousands of Dinars)	% of participation in the total balance of export of the Kingdom of SHS	Import from Turkey (in thousands of Dinars)	% of participation in the total balance of import of the Kingdom of SHS
1923	110.677	1,38	3.611	0,04
1924	101.783	1,07	5.174	0,06
1925	67.779	0,76	9.858	0,11
1926	25.797	0,33	40.005	0,52
1927	15.382	0,24	38.033	0,52
1928	15.060	0,23	48.090	0,62
1929	18.129	0,23	11.068	0,15
1930	10.078	0,15	12.783	0,18

Source: Archives of Yugoslavia (AY) – Consulate General of the Kingdom of Yugoslavia in Turkey - Constantinople 1919-1945. (1890-1947) – 411-14-269, The report of Consulate General of the Kingdom of Yugoslavia in Constantinople to the Consular-economic Department of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia, 10. I 1934; (Lakatoš, 1929, pg. 18.; „Трговински односи између Југославије и Турске“, (Привредни преглед, 1934).

The reasons for such low amount of trade exchange derive from the insufficiently arranged political relations, from the underdevelopment of the mutual traffic connections, especially the sea ones, as well as from the lack of the standards that would regulate the economic problems, particularly due to the fact that the economic structures of these two countries were similar. Namely, both of them were agrarian countries, and certain differences resulted from different climatic circumstances, but still the level of industrial development of the Yugoslav economy was higher.⁵

Although there was a lack of a consenting framework considering the aspect of mutual trade, which by all means made it difficult, the circumstances in the world economic frameworks in the period of the economic crisis at the beginning of the fourth decade of the last century contributed to bringing the production closer to the trade of raw opium. Namely, both countries were known as leading European producers of this agrarian product used for fabrication of morphine and other alkaloids, which is otherwise very popular in the world market.⁶ According to the

⁵ Archives of Yugoslavia (AY), 370-7-16, The report of the Consular-economic Department of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to the Embassy of the Kingdom of Yugoslavia in Ankara, 17. VII 1933; (Економист, 1924, pg. 268); (Statistika, 1926, pg. 257, 315.; „Пред трговинским преговорима са Турском“, *Привредни преглед*, 15. X 1933.; „Трговински односи између Југославије и Турске“, (*Привредни преглед*, 1934).

⁶ The poppy crop, from which opium is produced, is cultivated in the area of Macedonia (“the Southern Serbia“). Its cultivation began during the second half of the XIX century in

data of the League of Nations, Turkish and Yugoslav production of opium satisfied, at that time, the needs of approximately 80% of its total world fabrication – 62% of the Turkish and 18% of the Yugoslav one (Михајловић, 1937, pg. 71). Nevertheless, the area of the production of opium extended across the Balkans and Anatolia to the east across Persia, India, Indochina as far as the coasts of the Chinese Sea.⁷

The previously mentioned influences of the world economic crisis stipulated the fall of the price of raw opium to the lowest level in the, at that time, most important European and world markets – Hamburg, Paris and Basel, which, considering the fact that the year 1930 was especially productive in Turkey and Yugoslavia concerning poppy crops, as well as the fact that the amounts of the unsold raw opium were piled up, forced the authorized trade environments of both countries to think of the modalities of a common participation in the market.⁸ Yugoslav and Turkish production of raw opium were mutual rivals, which was good for buyers who used the opportunity and often joined in cartels similar to the ones that existed in Germany, Switzerland and France, decreasing its price and at the same time setting high prices of the final products. Moreover, significant difficulties of finding the market for raw opium to the Yugoslav and Turkish producers derived also from the limiting regulations of the League of Nations, which some countries like Iran did not stick to as well as, to some extent, disloyal rivals of illegal trade.⁹

the area of Tikveš, while owing to convenient climatic-pedological conditions it was later extended along the whole valley of the river Vardar till Tabanovci in the surrounding of Kumanovo, which was the uttermost north-western boundary of the European and world crop of this plant. At the beginning of the XX century the Yugoslav annual production was 80-160 tons, while the Turkish one was approximately 400 tons. The most important areas where poppy was cultivated in Turkey were near Izmir (Smyrna), Afyon-karahisar, Amasya, Tokat and Karput-Malati. „Цариградски централни биро за извоз сировог опиума“, *Политика*, 15. I 1934, 8; (Споменица, 1937, pg. 548).

⁷ Considering quantity the largest world producers of opium were China (1.000-1.500 tons per year) and Iran (800-1.200 tons per year), but regarding quality, namely the percentage of morphine, it was far from the one which was cultivated in Turkey and in the Kingdom of Yugoslavia. While the Chinese one had 4-5% of morphine, Persian and Indian 6-8%, Turkish 12-13%, the Yugoslav opium (in the area of Negotin along the river Vardar and in the surrounding of Kavadarci) achieved the production with 14-15% of morphine. Since the factories of alkaloids rarely took the opium with less than 10% of morphine for processing, the opium from central and eastern Asia was mostly used for smoking so that it was not a serious competition for Yugoslav and Turkish opium. („Цариградски централни биро за извоз сировог опиума“, *Политика*, 15. I 1934, 8).

⁸ In 1930 Yugoslavia achieved the production of 150 tons. („Цариградски централни биро за извоз сировог опиума“, *Политика*, 15. I 1934, 8).

⁹ At the beginning of December in 1931 large illegal amounts of morphine and other opiates originating from Asia (mostly from Iran and Afghanistan) were found in Hamburg; by the end of December 1934 Turkish police in Constantinople and Izmir found smugglers with heroin, approximately thirty of them. („У Хамбургу су откривена

Furthermore, the control of production and finding the world market for opium originates from 1912, namely since signing the Hague Opium Convention (23. I 1912.) which became valid in 1915 and was the first obligatory international legal instrument that managed the production of narcotics for the purposes of medicine.¹⁰ After the WWI this question was considered by the League of Nations under the wing of which one obligatory agreement and international convention¹¹ were adopted in Geneva at the beginning of 1925, by which strict control over the production and the policy of issuing export-import licenses for legal trade of opiates for the requirements of science and medicine, were introduced.¹² Six years later, on July 13 in 1931 the “Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs”¹³ was adopted in Geneva. Considering the legislation of the Kingdom of SHS the question of control over production and trade of opiates was regarded by the “Law on Control

слагалишта морфијума и хероина“, *Време*, 7. XII 1934, 8; „Велика банда кријумчара херојина откривена на Златном Рогу у Цариграду“, *Време*, 26. XII 1934, 5).

¹⁰ It arranged and conducted supervision over illegal, particularly the sea transport of opium, namely, its aim was to “gradually stop the abuse of opium, morphine, cocaine and other processed substances and derivatives the use of which would easily become the abuse.” (Drašković, 2003, p. 753).

¹¹ „Конференција о опијуму“, *Време*, 18. I 1925, 1; „Конференција о трговини са опијумом“, *Време*, 19. I 1925, 3; „Опијумска конференција наставља рад“, *Време*, 26. I 1925, 3; „Конференција о опијуму“, *Време*, 4. II 1925, 3.

¹² ”The Agreement on Fabricating, Internal Trade and the Use of Processed Opium” was signed on February 11 in 1925, and after seven days also the “Opium Convention in Geneva” that became valid on September 28 in 1928. “The Agreement on Fabricating, Internal Trade and the Use of Processed Opium” was signed on February 11 in 1925, and eight days later also the “Opium Convention in Geneva”, which became valid on September 28 in 1928. The Kingdom of Yugoslavia signed it in 1929 and therefore became one of the 36 signatory countries. The United States of America insisted on the total prohibition of production and the use of heroine which was disapproved by French and British doctors considering heroine as the irreplaceable analgesic (Јовановић, 2009, p. 72; Drašković, 2003, p. 753).

¹³ In September 1929 The Opium Advisory Committee of the League of Nations decided to improve the trade of opiates, due to the lack of control, namely due to numerous abuses, by limiting the production of opiates in factories. Therefore, in January 1930 the draft on “The Principle of Limitation” was made which was a matter of discussion during the session in London that was held in November 1930 and during the session in Geneva in January 1931. On the occasion of these discussions there was the polarization in attitudes among the members of the Committee. Yugoslav representatives emphasized that the proposed draft enables total monopoly in favour of the producer, but simultaneously at the expense of the production of raw material and of the consumers of opiates, opposing the principle of determining quotas. At the same time, they suggested to clearly arrange that producers can buy necessary raw material in future, only from the countries which ratified the “Opium Convention in Geneva” from 1925. „Ограничење производње опојних дрога“, *Политика*, 30. V 1931, 2.

and Trade of Narcotic Drugs” since November 18 in 1929¹⁴ and also by the “Law on Narcotic Drugs” since December 5 in 1931. This second law points out that the charge of the export of opium was given to the “Privileged Export Association Ltd” (PRIZAD) that was obliged “to provide the producers with the full world price of opium on the basis of the content in morphine, while the costs of its organization as well as the costs of the selling organizations abroad can soon be defrayed at the charge of the Opium Fund which is formed by this law”.¹⁵

The initiative for agreeing on the common Yugoslav-Turkish participation in the market of raw opium was taken by Yugoslavia.¹⁶ Namely, the export on the account of the prices of that period was unprofitable, in other words the price of production was higher than the price offered by the buyers. That resulted in making supplies, approximately 200 tons of them by the end of 1931 (140 tons in 1930 and 60 tons in 1931) and impeached the economic viability of ten thousand peasant’s households in the area of Macedonia along the river Vardar (“mostly poor households which had many children”) that cultivated poppy crop on the surface of approximately 6.000 hectares.¹⁷ “In order to make the situation of the producers and traders easier, the State Mortgage Bank of the Kingdom of Yugoslavia provided them with lombard credit. That should not be all they could get. It was also necessary to take care of the final liquidation of that stock of opium. We came up with the idea to come to an agreement with the Turks, our main rivals who experienced the similar situation, so that we could together contribute to improving the conditions of the final liquidation of the existing stocks and better sale of the future crops. (...) While owing to a disorganized offer of opium and unscrupulous competition between the Turks and us, our production of opium is completely dependent on the buyers (factories) who set lower and lower prices, but the prices of final products remain the same, our agreement with Turks could change that situation in our favour so that the buyers-factories would depend on us concerning their raw materials and we could be the ones who would set their prices” – these reasons for previously mentioned initiative were presented in *Трговински гласник*

¹⁴ “Закон о контроли пољопривредних производа намењених извозу“, *Политика*, 20. XII 1929, 4.

¹⁵ “Закон о опојним дрогама“, *Политика*, 8. XII 1931, 4; „Привилеговано извозно друштво у 1932-33. години“, *Политика*, 28. IX 1933, 4.

¹⁶ The proposal was for the first time made by Konstantin Fotić, the Assistant to the Minister of Foreign Affairs, during the conversation with a Turkish Ambassador in Belgrade Hajdar bey, whom he asked to check the mood of its Government considering that project. AY, 370-12-527, The report on the Turkish-Yugoslav agreement on the export of opium, without date.

¹⁷ “Конференција произвођача опиума у Скопљу“, *Политика*, 29. VI 1931, 4; (Милићевић, 1932, p. 293; Јовановић, 2009, p. 72).

published on October 25 in 1932.¹⁸ This situation imposed the beginning of mutual consultations between the Yugoslav and Turkish institutions that were engaged in the sale of raw opium in the world market in April 1931, immediately before the “International Opium Conference on the Limitation of the Manufacture of Narcotic Drugs”. Therefore, at the beginning of the month Sava Obradović, the Secretary of the Ministry of Trade and Industry of the Kingdom of Yugoslavia, went to Ankara to talk to the Turkish Minister of Economy Shefqet bey.¹⁹ On that occasion, the attitude towards the need for organizing the bureau for sale which would take care of the sale of opium produced in Yugoslavia and Turkey at a reasonable price, the head office of which would be in Constantinople, was defined. It would be like a cartel that eventually some other countries could join.²⁰ The most important question discussed, was the one on the relation, namely on the proportion of the participation of the Yugoslav and Turkish raw opium. The Yugoslav representatives thought that, considering the amount, Turkey as the greater producer should get 77%, while Yugoslavia should get 23%, emphasizing the fact that the quality of the Yugoslav opium is better. Moreover, the agreement on limiting the annual production where the Yugoslav one would be 60 tons²¹ was also discussed as well as the tendencies to ease the detrimental impact of the European cartel of the processed opium by the additional breakthrough to the market of the United States of America.²² Although, at first, it seemed that the population of both sides was the same and that the agreement would be signed, after the intervention of the Turkish Prime Minister Ismet Pasha that did not happen.²³

Making the situation in the world market of opium worse, namely the fall of its price below the level of the producing expenses, was stopped by the

¹⁸ AY, 38-886, „Опиумски картел с Турском“, 25. X 1932.

¹⁹ AY, 370-12-478, The negotiations on opium with the Turkish Government, 25. V 1931.

²⁰ The country that was regarded by this is the Soviet Union which produced smaller amounts of raw opium. – „Закључен је споразум о продаји опијума између нас и Турске“, *Време*, 2. II 1932, 8.

²¹ Milan Ćemerikić gave a lecture on the “question of opium“ during the meeting of the “Rotary Club“ which was held on the last day of January in 1931 emphasizing the necessity of limiting the production at the expense of quality. Therefore, he proposed to intensify the production in the areas where poppy crops was the best (Ovče Polje, Skopsko Polje and the surrounding of Kavadarci), but to decrease the production in the areas where poppy had less morphine as the final derivative (Kumanovo and Strumica). „Закључен је споразум о продаји опијума између нас и Турске“, *Време*, 2. II 1932, 8.

²² „Закључен је споразум о продаји опијума између нас и Турске“, *Време*, 2. II 1932, 8.

²³ Shefqet bey told his interlocutor that he was unable to sign the agreement because at that moment Turks “due to internal reasons are not allowed to accept the monopoly of export, otherwise they completely approve of the agreement that will be adopted and become valid in several months till they prepare the public and better study the organization of common sale.“ AY, 370-12-478, Negotiations with Turkish Government on opium, 25. V 1931.

continuation of the negotiations. After the diplomatic activities of the ambassador in Ankara, Ljuba Nešić, they were continued on December 1 in 1931 when Sava Obradović came to Ankara again. On this occasion, he made a draft of the agreement which was signed on December 10 together with Atif bey, the Turkish Undersecretary for agriculture, and with Galip bey, the Legal Advisor in the Ministry of Agriculture.²⁴

The negotiations were to some extent finalized on April 14 in 1932 by signing the so-called Ankara Agreement that was the basis for organizing the “Central Bureau of Opium” with head office in Istanbul (Constantinople).²⁵ The agreement predicted that the committee, which consisted of three members – two Turkish and one Yugoslav, managed the “Central Bureau”, where every member had a substitute, and that common contingents of the amounts of raw opium were determined according to the parity – 77.5% of the Turkish one and 22.5% of the Yugoslav one, while the income and expenses were shared in the proportion of 26% for the Yugoslav side and 74 % for the Turkish side.²⁶ The agreement should become valid a month before the exchange of the ratifying instruments, namely after it was accepted by the Yugoslav and Turkish parliament.

After certain prolongation by the Turkish side, the negotiations were continued in Ankara on June 1 in 1933 when it was agreed to “temporarily introduce” the agreement from October 1 of the same year,²⁷

²⁴ AY, 370-12-527, The report on the Turkish-Yugoslav agreement on the export of opium, without date.; „Закључен је споразум о продаји опијума између нас и Турске“, *Време*, 2. II 1932, 8.

²⁵ The communique was published concerning this event where the following was emphasized: “Turkey and Yugoslavia as countries, which were the greatest producers of opium for fabrication of alkaloids, had to closely cooperate regarding the opium question in order to protect their legitimate interests, while at the same time make the international action on preventing abuses easier. The agreement which was signed on the 14th of this month was written in regard to the international solidarity. The export of opium and opiates will be realized strictly according to legal conditions of the countries these producers find, while certain measures will be taken against smuggling. The system of the export certificates which is adopted will make the state control over export much easier. The sale of opium will be done via the Central Bureau with the Head Office in Constantinople. Opium will be delivered from Turkey and Yugoslavia only after being ordered via that Bureau.“ The agreement should be ratified in Yugoslav and Turkish parliament and should become valid only a month after the exchange of the ratifying instruments. („Споразум о извозу опиума“, *Политика*, 21. IV 1932, 2).

²⁶ The agreement did not consider the question of opium that was used for smoking. AY-370-12-694, The report of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to the Embassy of the Kingdom of Yugoslavia in Ankara, 10. II 1936; (Збирка међународних уговора, 1933, pg. 1-3); „Оријумска конвенција међу Југославијом и Турчијом“, *Јутро*, 2. IV 1932, 2.; „Наш споразум о извозу опиума са Турском“, *Време*, 21. IV 1932, 3.

²⁷ The exchange of the ratifying instruments of the agreement is done on September 23 in 1933 in Belgrade between Bogoljub Jevtić, the Yugoslav Minister of Foreign Affairs and the Turkish Ambassador in Belgrade. „Размене ратификационих

and to form the Central Bureau for the Sale of Opium till January 1 in 1934 that would sell opium from new crops while the existing stocks would be sold by “directly national institutes”.²⁸ In the end, the agreement signed on April 14 in 1932 became valid on October 23 in 1933 with a one-year period of validity and automatic extension, with a three-month period of cancelling.²⁹ Signing the Yugoslav-Turkish Pact on Friendship, non-aggression, judicial dispute and arbitration and conciliation, as well as the Agreement on the Liquidation of the Mutual Debts on November 27 and November 29 in 1933, was a significant privilege for further steps.³⁰

GETTING STARTED CENTRAL OPIUM BUREAU OF OPIUM

The Central Bureau of Opium in Constantinople began to work on January 1 in 1934. Simultaneously, the Ministry of Trade and Industry of the Kingdom of Yugoslavia approved of its statute.³¹ Dr Dragoslav P.

инструмената“, *Политика*, 24. IX 1933, 2; „Türkiye-Yugoslavya ticarî münasabati“, *Cumhuriyet*, 29. IX 1933, 1; „Турско-југословенски споразум о извозу опијума“, *Скопски гласник*, 14. X 1933, 2; „Afyon vaziyeti“, *Cumhuriyet*, 17. X 1933, 5.

²⁸ AY, 370-12-625, Instructions of the Ministry of Trade and Industry to Dragoslav Mihajlović, the Yugoslav delegate in the Central Bureau of Opium, 30. I 1934.

²⁹ The decision of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia was to appoint dr Dragoslav P. Mihajlović, the Secretary of the Ministry of Trade and Industry of the Kingdom of Yugoslavia, as the Yugoslav delegate in the Central Bureau of Opium, but beside this obligation he also had to analyse economic circumstances in Turkey „so that he would be able to give expert explanations to our representative bodies“. Yugoslav Ambassador in Ankara suggested the authorities to give Mihajlović the status of a commercial attaché in the Embassy in order to “make his work within Turkish official and economic environments easier.“ Turkish delegates were Habib Zade Ziya bey, the President of the Council of Administration of the Monopoly of Opium and Ali Sami bey, the Manager of the Monopoly of Opium, while their Advisors were Mehmet Husnu bey and Shafiq bey. AY, 370-12-628, The report of the Embassy of the Kingdom of Yugoslavia in Turkey to the Political Department of the Ministry of Foreign Affairs, 17. II 1934; AY, 370-12-656, The report of the Department for Foreign Trade of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to Bogoljub Jevtić, the Minister of Foreign Affairs, 25. IX 1934; „Трговина опиума и прво дејство турско-југословенског уговора“, *Време*, 28. XI 1933, 2.

³⁰ „Трговина опиума и прво дејство турско-југословенског уговора“, *Време*, 28. XI 1933, 2; „Уговор о пријатељству, о ненападању, о судском расправљању, о арбитражи и о концилијацији између Југославије и Турске“, *Политика*, 28. XI 1933, 1; „Данас поподне свечано је потписан Пакт о пријатељству између Југославије и Турске“, *Правда*, 28. XI 1933, 1; „После Пакта о пријатељству потписан је и коначни споразум о ликвидирању потраживања са Турском“, *Политика*, 29. XI 1933, 1; „Одлазак г. Ружди беја“, *Правда*, 30. XI 1933, 1; „Сарадња између Југославије и Турске“, *Врбаске новине*, 24. IV 1934, 3.

³¹ The statute predicted that the Yugoslav Institute for the export of opium pay 26% of the expenses of the Bureau. It was approximately 3.733 Turkish liras regarding the general part and 4.560 regarding the special part of the budget, considering the fact that one lira is 35 dinars, that is a total of 268.548 dinars. „Статут Централног бироа

Mihajlović wrote in “Политика” on its importance for Yugoslav economy: “This agreement with Turkey is our first attempt to control the prices of one export product in the world market via international cooperation. The agreement is important nowadays not only from the view of the policy of opium, but also as a trade-political experiment, which in case of being successful can be used for other products of our export”.³²

Despite the attempts of the obstruction and boycott of the Yugoslav-Turkish opium by “the European Cartel of the Factories of Opiates”,³³ the initial effects of the Central Bureau of Opium were discouraging. By the beginning of May in 1934, 88 cases³⁴ worth 4.100.000 dinars, which in accordance with the arranged distribution of profit in percentages was the sum that covered total Yugoslav expenses for its functioning in that year, found their market in the United States of America.³⁵ By the beginning of August, the Bureau sold 10 tons of opium on the American market with a constant rise of the prices in the world market.³⁶ The annual balance of sale in 1934 was 19.397.957 kg while 15.257.957 kg of which was the Yugoslav opium. This disproportion in the mutual relation was corrected during the first term of 1935 when 42.415.689 kg of only Turkish opium was sold, 10.000 kg of which was exported to Japan.³⁷ Specific business blockade imposed by “the European Cartel of the Factories of Opiates” slowly began to become reduced only at the end of 1935 when for the first time some of German and Italian factories ordered opium from the stock of the Bureau, which in order to win the rival’s Iranian and Soviet opium was forced to lower the price of opium with a lower percentage of morphine on November 28 in 1935. Furthermore, aiming to conquer new markets, the Bureau engaged the company of the representative from Argentina that had the task to initiate the sale all over the countries of the Southern America.³⁸

за опијум у Цариграду“, *Време*, 2. I 1934, 6; „Турско југословенски биро за опиј“, *Новости*, 1. II 1934, 4.

³² „Цариградски централни биро за извоз сировог опијума“, *Политика*, 15. I 1934, 8; „Турско-југословенски централни биро за опијум“, *Вардар*, 2. I 1934, 1.

³³ “The European Cartel of the Factories of Opiates” gathered the processors of opium from France, Germany, Great Britain, Italy, Belgium and Switzerland and its aim was that they all together monopolize, namely determine redemptory prices of raw opium. „Друштво народа и Европски картел фабрика опијага“, *Политика*, 1. VIII 1935, 6; „Ко захтева бојкот нашег и турског опијума: Французи или Немци“, *Политика*, 1. IX 1935, 5.

³⁴ The weight of the cases was standardized considering the world level – 80 kg.

³⁵ AY, 370-12-647, The report of Dragoslav P. Mihajlović to the Embassy of the Kingdom of Yugoslavia in Turkey, 19. V 1934.

³⁶ AY, 370-12-657, The survey of dr Dragoslav P. Mihajlović “Our policy on opium“, 22. IX 1934.

³⁷ AY, 370-12-684, The report of the Yugoslav delegate in the Central Bureau of Opium, Dragoslav P. Mihajlović, to the Privileged Export Association Ltd, 5. XII 1935.

³⁸ Striving to reduce the prices of the Yugoslav-Turkish opium the members of the Cartel bought opium of worse quality in the markets of Iran and the USSR. AY, 370-12-

Before the expiration of the agreement from April 14 in 1932, the new one was signed on December 17 in 1934, which was preceded by the negotiations in Belgrade from December 3 till December 15.³⁹ On that occasion some newly raised questions concerning the way charging the sold goods and finding the market for opium used for smoking were solved.⁴⁰ It was decided to keep the earlier part in percentages regarding the amounts of opium placed in the market in future as well, but to distribute the earned profit in regard to the parity of 25% for the Yugoslav side and 75% for the Turkish side.⁴¹

The lack of available sources makes it impossible to analyze in detail the business of the Central Bureau of Opium during the second half of the '30s of the last century, namely to establish its annual business balance, but it can directly be concluded that it was permeated with numerous difficulties. Beside frequent misunderstandings between the Yugoslav and Turkish delegates, there were also many influences such as administrative tricks of the League of Nations, disloyal rivalry of the producers of opium from Iran and USSR as well as the smuggling

684, The report of the Yugoslav delegate in the Central Bureau of Opium, Dragoslav P. Mihajlović, to the Privileged Export Association Ltd, 5. XII 1935.

³⁹ Turkish delegation was consisted of the General Manager of the Turkish monopoly of narcotic drugs Ali Sami bey, the Vice-president of the Chamber of Trade and Industry in Constantinople Habib Zale Ziya bey and the Advisor of "Turkofis" (Turkish Institute for the Improvement of Foreign Trade) Huldı bey, while the Yugoslav delegation was consisted of the Advisor in the Ministry of Trade and Industry Sava Obradović, the Head of the Department of the Ministry of Foreign Affairs dr Ivo Andrić, the delegate of the Yugoslav government in the Central Opium Bureau dr Dragoslav Mihajlović, the Assessor of the Ministry of Trade and Industry Boško Đorđević and the Head of the Yugoslav Institute for the Export of Opium Rajo Tucaković as well as the trainee of the Ministry of Trade and Industry dr Slobodan Karić. „Преговори за ревизију турско-југословенског споразума о извозу опиума“, *Политика*, 1. XII 1934, 6; „Преговори о продужењу опијумског споразума са Турском“, *Политика*, 4. XII 1934, 4; „Јуче су у Београду почели преговори око ревизије опијумског споразума са Турском“, *Време*, 4. XII 1934, 5.

⁴⁰ Namely, it happened that some financial debts of buyers were charged through exchanges via clearing banks (that was particularly the case with sale in Germany), which made the mutual adjustment difficult. There were also tendencies that opium for smoking, which was not part of the original agreement but was sold by Turkey to the Far East approximately 60.000 kg of it, was partially being processed. AY-370-12-694, The report of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to the Embassy of the Kingdom of Yugoslavia in Ankara, 10. II 1936; „Потписан је нови споразум о опијуму с Турском“, *Политика*, 18. XII 1934, 4.

⁴¹ It was previously planned that the agreement would become valid on January 1 in 1935, with a possibility of ratification, and would remain valid for two years. If it weren't cancelled six months before its expiration by any of the sides, it would automatically be extended for the same period and under the same conditions. (Збирка међународних уговора, 1937, p. 7.)

activities.⁴² At the beginning of June in 1938, the Yugoslav government decided to cancel the agreement signed on December 17 in 1934, justifying its attitude toward “new opportunities that appeared for finding a place for opium in the world markets”, suggesting the Turkish side to initiate the negotiations for signing the new contract.⁴³ After certain delay they were held from December 15 till December 24 in 1938 in Constantinople.⁴⁴ The Yugoslav side insisted on explicitly acknowledging the priority of the sale in the American market in the new contract,⁴⁵ and that in return it would help the Turks against Iranian rivalry in the European market.⁴⁶ Owing to unpreparedness of the Turkish negotiators for reaching a compromise, it was decided to extend the current agreement for three months, the validity of which was limited till December 31 in 1938, as well as to hold the new series of negotiations during February 1939 in Belgrade.⁴⁷

Turkish delegation guided by Servet Berkin, who was the Head of the Department for Foreign Trade of the Turkish Ministry of Trade, came

⁴² The illegal processing of poppy was intensive especially in Bulgaria which was known as the “Balkan Columbia“. Opium was processed in nine secret factories, which were controlled by members of the IMRO (International Macedonian Revolutionary Organization), in that way partly financing its anti-Yugoslav activity, and then it was distributed illegally to the European and American market. According to American press, large amounts of opium that was smuggled inside the barrels of oil, as well as inside the cargos of different cloths, and even in the consignment with slippers, was transferred to the USA from Bulgaria. (Јовановић, 2009, p. 78.)

⁴³ Yugoslav government insisted on signing the new agreement “with regard to the action of the League of Nations and the current export possibilities, prices and the attitude toward Iranian competition“. (AY-370-12-783, The report of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to the Embassy of the Kingdom of Yugoslavia in Ankara, 3. VI 1938).

⁴⁴ The Yugoslav delegation was consisted of: dr Sava Obradović, the Head of the Ministry of Trade and Industry, Edo Marković, the General Manager of the Privileged Export Association Ltd, dr Dragoslav Mihajlović, the Advisor in the Ministry of Trade and Industry, dr Slobodan Karić, the trainee of the Ministry of Trade and Industry, and the government clerk of the Privileged Export Association Ltd the so-called Ferjančić. (AY-370-12-797, The report of Consular-economic Department of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia to the Embassy of the Kingdom of Yugoslavia in Ankara, 30. XI 1938).

⁴⁵ It was emphasized that there were better conditions for finding the market for the Yugoslav opium in the USA, because it was consisted of more morphine, while the American customs system predicted paying customs duty not according to the content of morphine but according to the unit of weight of raw opium. (AY-370-12-804, Yugoslav-Turkish agreement on the export of opium – a reminder, December 1938).

⁴⁶ AY-370-12-804, Yugoslav-Turkish agreement on the export of opium – a reminder, December 1938.

⁴⁷ AY-370-12-803, The letter of dr Dragoslav Mihajlović to the governor of the National Bank of the Kingdom of Yugoslavia dr Milan Radosavljević, 27. XII 1938; AY-411-15-254, The telegram of dr Dragoslav Mihajlović to the Embassy of the Kingdom of Yugoslavia in Ankara, 31. XII 1938.

to Belgrade on March 5 in 1939.⁴⁸ After three weeks of negotiations, the new agreement was signed in the office of the Yugoslav Minister of Trade and Industry Jevrem Tomić on April 4 in 1939 who, on that occasion, said the following: “The new agreement, the content of which will be published these days, keeping the earlier established balance of our and Turkish interests, regulated various disputable questions and therefore prepared the basis for more convenient and successful cooperation of both countries in this range.”⁴⁹ It was decided that it would become valid on April 1 and remain valid till December 31 in 1939; since it did not consist of the clause on the automatic extension, the future discussions on that matter should take place in Turkey.⁵⁰

The tension regarding international political relations in the world in 1939 and breaking out of the WWII caused better interest for raw opium, so that owing to the mutual agreement, the contract was extended for the following six months, namely till the middle of 1940 (June 30), where there would be 25% of the Yugoslav opium for sale and 75% of the Turkish opium.⁵¹ The additional protocol, which was adopted in Ankara on August 2 in 1940 and signed on August 10, was extended till the end of 1940, but was supposed to be secretly extended for the next six months. The only changes in regard to the earlier conditions were the ones that predicted mutual reservation of the “realization of counter-values of every single amount that was sold” and also permissible exceeding of the predicted quotas.⁵²

The war which took place in April 1941 as well as the occupation and disintegration of the territory of the Kingdom of Yugoslavia that was the result of it, definitely made business of the Central Bureau of Opium impossible. Its last meeting took place on June 30 in 1941, when it was

⁴⁸ „Преговори о опиуму између наше и турске делегације у Београду“, *Време*, 8. III 1939, 6; „Банкет у част турске делегације за преговоре о опиуму“, *Време*, 10. III 1939, 6; „Министар г. Томић приредио је вечеру у част турске делегације за преговоре о опиумском споразуму“, *Политика*, 22. III 1939, 6.

⁴⁹ „Потписан је нов споразум са Турском о извозу опиума“, *Политика*, 5. IV 1939, 14; „Потписан је нов споразум са Турском о опиуму“, *Време*, 5. IV 1939, 9.

⁵⁰ AY-370-12-819, The report of Miran Ribar, the Yugoslav delegate in the Central Bureau of Opium, to dr Ilija Šumenković, the Ambassador of the Kingdom of Yugoslavia in Ankara, 25. XI 1939.

⁵¹ The profit was distributed so that the Yugoslav side got 26%, while the Turkish side got 74% because the Yugoslav opium was better and achieved higher price in the market of the USA. In order to show the willingness that Yugoslav side will not gain some particular concession during the realization of profit, the clause on bonification of 1%, namely that Yugoslav income will not surpass the Turkish one for more than 2.000 English pounds, is introduced.

⁵² AY-370-12-866, The encoded telegram of the Ambassador of the Kingdom of Yugoslavia in Ankara dr Ilija Šumenković, 3. VIII 1940; AY-370-12-870, The report of the Embassy of the Kingdom of Yugoslavia in Ankara to the Consular-economic Department of the Ministry of Foreign Affairs of the Kingdom of Yugoslavia, 25. VIII 1940.

decided that “the final liquidation of the remaining activities as well as the final balance should be finished till July 31 in the same year“.⁵³

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⁵³ AY-411-15-430, The report of Consulate General of the Kingdom of Yugoslavia in Constantinople to the Embassy of the Kingdom of Yugoslavia in Ankara, 1. VII 1940.

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**ЦЕНТРАЛНИ ОПИЈУМСКИ БИРО У ЦАРИГРАДУ:
ЈЕДАН СЕГМЕНТ ЈУГОСЛОВЕНСКО-ТУРСКИХ
ЕКОНОМСКИХ ОДНОСА ИЗМЕЂУ ДВА СВЕТСКА РАТА**

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Резиме

Југословенско-турски Централни опијумски биро у Цариграду формиран је на основу споразума о заједничком извозу опијума, склопљеном 1932. године између Краљевине Југославије и Републике Турске. Две земље, у то време водећи светски произвођачи сировог опијума коришћеног за прављење алкалоида, настојале су да њиме заштите своје интересе, односно кооперацијом постигну боље цене на светском тржишту. Уз бројне потешкоће (бојкот од стране картела европских прерађивача опијума, нелојалне конкуренције појединих земаља, кријумчарских активности) и повремених узајамних несугласица, Биро је пословао од 1. јануара 1934. до 30. јуна 1941. године. Његова делатност представљала је одраз блиских међудржавних чланица Балканског савеза, заснованих на темељу бројних споразума склопљених у периоду од 1925. до 1941. године. Она је уједно била и потврда настојања да се оствари чврста сарадња између Краљевине Југославије и Републике Турске, не само на политичком већ и на економском плану. Пласман опијума на светске пијаци и значајна девизна средства која су остваривана том приликом – представљали су важан део југословенске економије у периоду између два светска рата, односно значајну ставку у југословенском извозу.