

# Long-term Investment or Short-term Profit? The Divergence of Views on Technical Assistance to Algeria Between the Yugoslav Authorities and Self-managing Enterprises\*

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## ABSTRACTS

This article explores the contested nature of Yugoslavia's technical assistance programmes to the Global South, taking trade relations with Algeria as its case study. It highlights the conflicting viewpoints between Yugoslav state authorities and domestic self-managing enterprises regarding technical cooperation with developing countries. While the government viewed technical aid as a long-term investment in economic relations, the self-managing enterprises prioritized immediate profit-making, leading to a stalemate in the dispatching of technical experts overseas. The market-oriented logic of the enterprises clashed with the government's vision, resulting in a failure to allocate sufficient resources for technical cooperation programmes abroad. Ultimately, the actions and attitudes of Yugoslav enterprises significantly shaped perceptions of the country as self-interested "capitalist profiteers" in the eyes of their counterparts in the Global South.

Dieser Artikel untersucht den umstrittenen Charakter der jugoslawischen Programme für technische Hilfe im globalen Süden am Beispiel der Handelsbeziehungen mit Algerien. Er beleuchtet die gegensätzlichen Standpunkte zwischen den jugoslawischen staatlichen Behörden und den einheimischen selbstverwalteten Unternehmen in Bezug auf die technische Zusammenarbeit

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mit Entwicklungsländern. Während die Regierung die technische Hilfe als langfristige Investition in die Wirtschaftsbeziehungen betrachtete, stellten die Unternehmen die unmittelbare Gewinnerzielung in den Vordergrund, was zu einer Pattsituation bei der Entsendung von technischen Experten ins Ausland führte. Die marktorientierte Logik der Unternehmen kollidierte mit der Vision der Regierung, was dazu führte, dass nicht genügend Ressourcen für Programme der technischen Zusammenarbeit im Ausland bereitgestellt wurden. Letztlich haben die Aktivitäten und die Haltung der jugoslawischen Unternehmen die Wahrnehmung des Landes als eigennütziges „kapitalistischer Profiteur“ in den Augen der Partner im globalen Süden maßgeblich geprägt.

## 1. Introduction

The Yugoslav state-party elite, led by President Tito, possibly never attempted to hide the actual economic capacities of the Federation from their non-aligned partners. Openly declaring limited human and financial resources, they instead turned the tables by maintaining that Yugoslavia's participation in international technical aid programs was the ultimate proof of understanding the problems of the countries of the Global South and a "selfless readiness" to alleviate their development issues.<sup>1</sup> Simultaneously, following national interests, assistance to the industrialization and modernization efforts of the Global South was delivered under the more pragmatic premise that expanding the trade exchange of post-colonial states promoted economic growth and prosperity at home. As a modality of capacity-building, technical assistance was aimed at increasing industrial production and supporting infrastructural projects of the recipient countries. Such *aid*, offered under special terms and conditions, was supposed to be exempt from commercial considerations and market-defined prices. Deeply embedded in the principles of solidarity and mutual benefit, Yugoslav enterprises were expected to incorporate these non-aligned values in the technical assistance activities abroad.<sup>2</sup> However, the actual practice of technical aid was very different from what the Yugoslav authorities envisioned and was often blurred and quite indistinguishable from commercial arrangements. Studying the case of trade relations with Algeria, one of the most important of Yugoslavia's non-aligned partners, this paper shows how the entrepreneurial logic of the globally oriented Yugoslav business sector clashed with the government's ideas and interests that had been developed within the official cooperation policy with the Global South. Essentially, while the Yugoslav authorities comprehended technical assistance as an indirect, long-term investment in trade relations and a way to enhance the possibilities of future business operations overseas, the self-managing enterprises operated on a direct cost-benefit analysis and profit-oriented rationale.

1 R. Jemuović and A. Lah, *Naučna, Tehnička i Kulturna Saradnja Jugoslavije sa Zemljama u Razvoju* [Scientific, Technical and Cultural Cooperation of Yugoslavia with Developing Countries], Ljubljana 1972.

2 E. Burton, J. Mark, and S. Marung, *Development*, in: J. Mark and P. Betts (eds.), *Socialism Goes Global: The Soviet Union and Eastern Europe in the Age of Decolonization*, London 2022, p. 105.

Ideally designed as an alternative to strictly monetary-based forms of foreign aid, technical assistance was regarded as a means of overcoming the limited capacity of less economically powerful states in providing favorable loans for developing countries by focusing on the transfer of knowledge, skills, and know-how. Typically, this was achieved by sending skilled and highly skilled workforces abroad. However, maintaining technical experts overseas incurred certain expenses. Both human resources and financial capital, primarily manifested in the form of covering labor costs, were mainly concentrated within the self-managing business sector. Without a collaborative approach and conjoint actions by the latter, the implementation of government-driven technical aid policies was hindered and eventually faced a stalemate, which was reflected in the low presence of dispatched technical experts in Algeria.

The first section of the paper describes the path paved by economic and decentralization reforms that led to greater autonomy for domestic enterprises in the decision-making process following Yugoslavia's departure from the Soviet Union and the centrally planned economy. The subsequent section provides an overview of Yugoslav-Algerian trade relations from the 1960s to the end of the 1980s, shedding light on the challenges faced by Yugoslav enterprises in their business ventures in Algeria. Prior to the conclusion, the final section investigates the reasons behind the reluctance of enterprises involved in Algerian investment projects to engage in technical cooperation and explores the consequences of their stance on bilateral trade relations.

In addition to relying on published sources, this paper incorporates archival sources from the Archives of Yugoslavia (*Arhiv Jugoslavije*) in Belgrade and the Croatian State Archives (*Hrvatski državni arhiv*) in Zagreb. The former includes the funds of the Federal Administration for International Scientific, Educational, Cultural and Technical Cooperation (*Savezni Zavod za međunarodnu naučnu, prosvetno-kulturnu i tehničku saradnju*) and the Federal Executive Council (*Savezno izvršno veće*), while the latter includes the records of the Administration for International Scientific and Technical Cooperation of the Socialist Republic of Croatia (*Republički zavod za međunarodnu znanstveno-tehničku suradnju*).

## 2. Shifting Decision-making Towards Self-managing Enterprises

The political and ideological departure from the Soviet Union in 1948 and the reorientation towards workers' self-management intercepted the straightforward Yugoslav centralist state-building project based on the command economy and government control of the means of production. The sharp turn towards decentralization vis-à-vis self-management bestowed Yugoslavia with a unique, internationally recognizable Marxist identity.<sup>3</sup> In the sphere of international relations, the dominant feature of the country's foreign policy was marked by the non-aligned balancing between the two superpowers, but during the mid-1960s, the Yugoslav pendulum somewhat leaned toward the Western side, exposing the

3 R. E. Niebuhr, *The Search for a Cold War Legitimacy: Foreign Policy and Tito's Yugoslavia*, Leiden 2018, p. 69.

self-proclaimed socialist state to the influence of capitalist market forces. In that period, Yugoslavia went through a series of economic and decentralization reforms, which led domestic enterprises to acquire greater autonomy in the decision-making process.

Still, the Yugoslav path towards the open market economy was winding. President Tito had been leaning towards closer relations with the USSR, a direct outcome of the reconciliation with Moscow reinforced by the Sino-Soviet split when, in June 1955, Nikita Khrushchev accepted the notion of different paths to socialism, giving Tito's communism a green light and an ever greater international legitimacy to his regime.<sup>4</sup> As a result, in the following years, Yugoslavia concluded a series of loan agreements with the Soviet Union, Czechoslovakia, Hungary, and Poland amounting to a total of 464 million USD.<sup>5</sup> Ultimately, top-notch relations with the Soviets were crowned by Yugoslavia joining the Council for Mutual Economic Assistance (CMEA) as an associated member in September 1964.

Although the voice of the reform wing party warning Tito of the existing Soviet military threat had been growing stronger, a series of concurrent events eventually propelled the Yugoslav leader away from the Soviet bloc and convinced him to introduce the economic model of market socialism. First, with the removal of Khrushchev in October 1964 and Brezhnev's rise to power, Tito lost hope of further Soviet aid. Second, a negative balance of trade causing a lack of hard currency and an empty budget compelled Yugoslavia to resort to the IMF to obtain new loans. Finally, the 1968 Soviet-led intervention in Czechoslovakia dealt a final blow to closer relations with the Eastern Bloc.<sup>6</sup>

The decentralization process in Yugoslavia commenced as early as 1950 with the introduction of workers' self-management and developed throughout the next decades, until the dissolution of the Federation.<sup>7</sup> With the 1965 reform liberalizing foreign trade and reinforcing market-based thinking, self-managing enterprises had acquired an ever-increasing role in the economic life of the country. In the next decade, the process continued. Calling for further decentralization and democratization after the enforcement of the 1974 constitution, in 1976, the government passed the Associated Labour Act (*Zakon o udruženom radu*), popularly known as the "Workers' Constitution".

The Associated Labour Act introduced the concept of basic organizations of associated labour (BOALs; *osnovna organizacija udruženog rada*, OOUR), which broke down the

4 Ibid., p. 74.

5 B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*, London 2016, p. 16.

6 V. Unkovski-Korica, *Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment*, London 2016, pp. 214–215, 218.

7 This system, which granted the "working people" a stake in deciding Yugoslavia's political and economic direction, provided Tito's communist regime with democratic legitimacy. The Yugoslav form of self-management socialism rested on the idea of transferring to the workers the rights to control and decide on all relevant issues related to the means of production, best depicted in the omnipresent contemporary motto, "Factories to the workers!" (*Tvornice radnicima!*). The principal units at which workers were able to exercise their rights in practice were worker's councils (*radnički savjeti*). Although first implemented in the factories, the self-management doctrine was gradually extended to other spheres of Yugoslav social and political life. Niebuhr, *The Search for a Cold War Legitimacy*, pp. 69, 79–80.

enterprises (*radna organizacija*) into smaller self-managing units. Through the mechanism of self-management agreements (*samoupravni sporazumi*), BOALs were able to form Complex Organizations of Associated Labour or COALs (*Složena organizacija udruženog rada*, SOUR) in order to achieve greater production efficiency and common business targets.<sup>8</sup> The liberalization and marketization, as Ljubica Spaskovska and Anna Calori put it, were legitimized under the goal of a “long-term integration of Yugoslav economy in the international division of labour on a basis of equality and mutual interests.” Yugoslav political and economic elites found a further ideological justification for these processes that had been attesting to the competitiveness and equal (if not higher) efficiency of socialist enterprises as against capitalist ones – thus extolling the economic viability of the socialist system.<sup>9</sup>

Under a capitalist agenda, from the mid-1960s, self-managing enterprises set off on a quest to expand beyond the geographically limited Yugoslav market. Yugoslav diplomacy had already established a favourable international environment for the global expansion of domestic business entities, and facilitated by the non-aligned positioning, Yugoslav enterprises embarked on investment projects in the geopolitical space of the Global South in both CMEA and OECD member states. However, a significant contribution to their success was added by the managerial elites (the so-called “techno-bureaucracy”) and their outward-looking and export-oriented business mindset, which aimed at increasing enterprises’ technological advancement and international competitiveness. While they did not refrain from implementing Western-style management practices, the doctrine of socialist self-management had never been questioned. In fact, the degree of presence in the global markets was used as a reference point to evaluate the success of the self-managing enterprises.<sup>10</sup>

Although international trade relations were mostly left to free-market mechanisms and the autonomous decisions of the enterprises, the government did endeavour to stimulate imports from developing countries indirectly, most notably by introducing a preferential tariff system.<sup>11</sup> In 1972, Tito himself optimistically remarked that the economic future of Yugoslavia rested on trade and investment cooperation with the Global South.<sup>12</sup> However, in reality, most Yugoslav export-oriented enterprises had no real interest in the developing markets, but rather focused their attention on the markets of Western capitalist countries.

8 G. Musić, *Making and Breaking the Yugoslav Working Class: The Story of Two Self-Managed Factories*, Budapest 2021, p. 35.

9 L. Spaskovska and A. Calori, *A Nonaligned Business World: The Global Socialist Enterprise Between Self-Management and Transnational Capitalism*, in: *Nationalities Papers* 49 (2021) 3, pp. 413, 415, 417.

10 *Ibid.*, pp. 416, 421.

11 V. Mileta, *Ekonomski Odnosi Jugoslavije sa Zemljama u Razvoju* [Economic Relations of Yugoslavia with Developing Countries], in: *Politička Misao* [Political Thought] 23 (1986) 3, p. 55.

12 A. Calori et al., *Alternative Globalization? Spaces of Economic Interaction Between the “Socialist Camp” and the “Global South”*, in: A. Calori (ed.), *Between East and South: Spaces of Interaction in the Globalizing Economy of the Cold War*, Berlin 2019, pp. 11–16.

According to some estimates, Yugoslav trade with the Global South in the mid-1960s accounted for a mere 19 per cent of its total international trade, with the rest being made up by the Western and the Eastern Bloc countries (48 per cent and 33 per cent, respectively).<sup>13</sup> The situation did not change significantly in the following decades. For example, Yugoslav trade with developing countries barely reached 18 per cent of its international total during the period 1980–1983.<sup>14</sup> In most cases, Yugoslav enterprises reduced the markets of the Global South to dumping sites for surplus goods left after completing transactions with the East and the West, partially due to their previous experiences of conducting business with developing countries, which often failed to meet their financial obligations, or to the discouragement arising from their insufficient knowledge of these markets.

Further to this ignorance of the countries' commercial regulations and legislation, another serious drawback in East-South relations was a lack of appreciation of the local business culture. For example, Yugoslav trade representatives routinely faced difficulties in conducting negotiations with their non-aligned partners. As one visitor to Algeria noted, Yugoslav companies engaged in investment works overseas "enter[ed] into business and relations with the Arab world with too little psychological preparation and ignorance of the mentality of that world".<sup>15</sup> Albeit in the spirit of colonial discourse, he pointed out Yugoslav entrepreneurs' scant knowledge of the Arab business culture and etiquette led to cross-cultural misunderstandings and a reluctance to get involved in entrepreneurial affairs with Middle Eastern counterparts.

### 3. Entering the Algerian Market – From Optimism to Disillusionment

Expressing an interest in participating in large-scale investment projects and aiming at making a grand entrance into the market of the newly-independent Algeria in the mid-1960s, some forty Yugoslav manufacturing, engineering, and export enterprises founded the Section for the Promotion of Economic Cooperation with Algeria within the Yugoslav Chamber of Commerce (*Jugoslovensko privredno predstavništvo*). In order to explore business opportunities and build trading strongholds overseas, enterprises established a network of foreign representations in Algeria, which included Interexport, Geosonda, Rudnap, Generalinvest, INGRA, Jedinstvo, Jugoinvest, Konstruktor, Mašinoimpeks, and Minel.<sup>16</sup>

Hitherto, as a part of the granted commodity loan amounting to a total of 30 million USD,<sup>17</sup> the Yugoslav enterprises Jedinstvo and Energoprojekt built four factories, while

13 Niebuhr, *The Search for a Cold War Legitimacy*, p. 70.

14 Calculation made according to the data provided in Mileta, *Ekonomski Odnosi Jugoslavije*, p. 52.

15 Predmet: Kratka Informacija o Razgovorima u Alžiru [Subject: Brief Information on Talks in Algeria], 25 September 1975, AJ (Arhiv Jugoslavije)-465-6551.

16 Information on Bilateral Relations Between Yugoslavia and Algeria, 6 October 1969, p. 9, AJ-465-6549.

17 Aside from purchasing agricultural aircraft from the Pančevo-based aircraft manufacturer Utva, as part of the

the enterprise Rudis was engaged in geological exploration and setting up to exploit the zinc, lead, and iron deposits at Kherzet Youssef, Djebel Gustar, El Halia, Bou Jaber, and Mesloula.<sup>18</sup> The initial hopes for prosperous economic cooperation were floored by the reality of the first Yugoslav business ventures in Algeria. Dissatisfied with the ongoing works, the Algerian government cancelled the contract to Rudis for the exploration of the Kherzet Youcef mine and, in 1966, moved it into the hands of a Soviet enterprise. That was not an isolated case. The Algerians were not entirely satisfied with other Yugoslav-led projects, particularly with the construction of the fruit-juice processing factory in El Asnam conducted by the enterprise Jedinstvo. They complained about the delay in the execution of the work and especially about the installation of equipment that was of a lower quality and technological level than they had contracted for.<sup>19</sup> Such discoveries raised questions regarding the business ethics (“moral aspects of conducting business”) of Yugoslav enterprises among the Algerian authorities, who appealed to Tito’s Cabinet to exert stronger control over entities involved in their market.<sup>20</sup> The implications, presumably, were much broader than just a few verbal remarks.

Between 1966 and 1975, Yugoslav enterprises did not conclude a single major investment business deal with the Algerian administration. As a result, only a third of the 30 million USD loan was used before its expiration in 1973. However, the economic activities did not completely die off. For example, in 1971, Belgrade-based enterprise Minel established a joint venture for electricity and gas distribution named TRAVELEC together with the Algerian national electric company SONELGAZ, and although enterprises had a hard time breaking into the Algerian market autonomously, they were able to participate in investment projects there as members of international consortiums or as sub-contractors of Western companies. Nevertheless, with no significant deals made for an extended period, Yugoslav enterprises had closed their representative offices in the Algerian capital by 1973.<sup>21</sup>

Already in the mid-1960s, especially after the change of the Algerian leadership in 1965, the aim to pursue long-term economic goals of market expansion for the export of industrial products and import of low-cost raw materials was beginning to outweigh the political considerations of Yugoslavia’s Algerian policy – yet the trade between the two countries continued to suffer from a low volume and limited range of goods.

Apart from agricultural mechanization, there was a clear lack of industrial products on both sides. While the Algerian export structure to Yugoslavia was dominated by cit-

Yugoslav loan, in 1966, Algeria bought five fishing boats from the Brodoimpex enterprise. However, only two were delivered; after being caught in a storm on their way to Algeria, the other three boats sunk in the Mediterranean Sea. Information on Problems in the Economic Cooperation with Algeria, Belgrade, 19 October 1967, p. 5, AJ-130-635.

18 Historical Background of Rudis, <https://www.rudis.si/en/company/historical-background-of-rudis/> (accessed 29 January 2023).

19 Report on the 5th Session of the Joint Commission, Belgrade, 20 February 1969, p. 4, AJ-465-6549.

20 Nemanja Radonjić, *Slika Afrike u Jugoslaviji (1945–1991) [An Image of Africa in Yugoslavia] (1945–1991)*, PhD thesis, Belgrade University, 2020, p. 179.

21 Information on the Upcoming 9th Session of the Joint Commission, Belgrade, June 1978, p. 9, AJ-465-6572.

rus fruits, phosphates, crude oil, and tires, Yugoslavia exported to Algeria mainly timber, livestock (sheep), fabrics, and most notably, tractors. After the first delivery of 500 Zadrugar tractors in 1962, a new delivery of agricultural machinery followed only in 1967. That year, 300 tractors from the 14. Oktobar and Industrija Motora Rakovica (IMR) factories together with 100 combine harvesters from the Zmaj production plant were delivered to the Algerian farmers.<sup>22</sup> An article in the daily newspaper *Politika* in November 1972 illustrated the situation of the lack of Yugoslav industrial products and consumer goods in the Algerian market:

*Very few of our products are known in Algeria so far. Maybe we could find only about 1,000 tractors (Zadrugar and 14 Oktobar) on their agricultural lands. [...] While the Yugoslav gets his hands on an Algerian orange or mandarin, the Algerian can find almost nothing in his stores that would help him get the impression that some of the goods were made in Yugoslavia.*<sup>23</sup>

At first glance, the sales of tractors might seem like a success story, but the customers operating the machines expressed dissatisfaction with the technology of Yugoslav agricultural mechanization. According to the statement of the Algerian political representative, local farmers reported frequent failures and technical defects in the Zadrugar tractors, which proved unsuitable for the harsh Maghrebi terrain. They also pointed to the fact that IMR had not delivered spare parts for the tractors, complicating the repair process and getting the machinery back into operation.<sup>24</sup>

According to the claims of the former Yugoslav Ambassador to Algeria Nedeljko Zorić, similar impressions were conveyed by the users of 7,000 IMT tractors delivered some twenty years later, in 1981. As the main competitor for the tender was the renowned West German company Deutz-Fahr, the contracted tractor export deal had additional ideological value. Yet, the Algerian representatives repeatedly stated that no commercial nor technological rationale had existed behind the purchase but that the trade deal was based on a decision made at the highest political level. The Yugoslav enterprise, however, did not justify the trust in its product. In addition to a significant delay in delivery, some of the tractors arrived at the Algerian port with damage caused by improper storage at the harbour and transportation to the destination, while the tractor engines were less powerful than what had been stated in the contract. Even though they eventually installed reducers in some of the agricultural vehicles to increase the engine power and financially compensated for the rest, the reputation of Yugoslav products and companies was irre-

22 400 Poljoprivrednih Strojeva Isporučeno Alžiru [400 Agricultural Machines Delivered to Algeria], in: *Vjesnik*, 11 August 1967.

23 A. Rupnik, Naši Pioniri u Sahari [Our Pioneers in the Sahara], in: *Politika*, 27 November 1972.

24 Report on the 1st Session of the Joint Commission, n.d., p. 4, AJ-465-6549.

versibly damaged by the affair.<sup>25</sup> Immensely exasperated, the Algerian officials said that IMT had “shut the doors of the Algerian market”.<sup>26</sup>

Aside from the fact that the price and quality of Yugoslavia’s industrial products could not compete with the latest Western technology, which Algerians clearly preferred,<sup>27</sup> enterprises also avoided selling their manufactured goods on a clearing basis, which was the enforced payment system until 1975. Algeria offered goods through its clearing trade that were difficult to sell for hard currency due to the supply from the local production, such as wine, iron ore, and certain minor industrial products, there were equally no interested customers in the Yugoslav market. On the other hand, the goods in which the Yugoslav market showed an interest, notably oil, phosphates, and (eventually) citrus fruit, were limited for purchase through barter – the Algerian government preferred to sell those for convertible currency in the West.<sup>28</sup>

In an attempt to escape the trading stalemate and increase the volume of economic exchange, already in 1968, the Yugoslav delegation raised the question of moving from clearing to a convertible payment system. From the beginning of the 1970s, Yugoslavia gradually abandoned clearing with developing countries and switched to convertible payments with some of the most important of them (Ghana, Tunisia, the United Arab Republic [UAR], Guinea, India, and Mali).<sup>29</sup> However, it took years to convince its partners to do so. Although almost 90 per cent of the bilateral trade was carried out on the convertible market, Algeria resisted leaving the clearing system of payments until the end of 1975. With a new Payment Agreement signed between Algeria and Yugoslavia, from 1 January 1976, the transactions between the two countries became executed in convertible currencies.

The transition to payment in convertible currencies did prove to be highly stimulative for Yugoslav-Algerian trade. After a period of stagnation during the 1970s, at the beginning of the next decade, Yugoslavia revived economic cooperation with what was one of its principal non-aligned partners. The reported figures show a slightly positive trend in the second half of the 1970s and a sudden increase in the 1980s. The average trade balance between the years 1976 and 1979 amounted to 36 million USD in favour of Yugoslavia’s exports, while for the years from 1980 to 1986, the average annual total value of the bilateral trade reached more than 280 million USD.

Aiming to improve business contacts and gain a better insight into the market, some of the leading Yugoslav enterprises re-installed their permanent representative offices in Algeria. The Yugoslav Chamber of Commerce established the Common Commercial Representation (*Zajedničko privredno predstavništvo*, ZPP) there in 1980 as part of the official strategy to revitalize economic relations, moving the Assistant Minister for Foreign

25 N. L. Zorić, *Zapisi Jugoslovenskog Diplomate 1948–1983* [Zorić, Records of the Yugoslav Diplomat], Belgrade 2011, pp. 429–430.

26 Embassy note No. 867, 4 December 1981, AJ-465-6562.

27 A. Z. Rubinstein, *Yugoslavia and the Nonaligned World*, Princeton 1970, p. 212.

28 Information on bilateral relations between Yugoslavia and Algeria, 6 October 1969, AJ-465-6549, p. 10.

29 B. Popović, “Robna razmena Jugoslavije sa zemljama u razvoju”, in: *Jugoslavenski pregled*, July-August 1970, p. 113.

Trade, Atanas Atanasievski, to take up the position of director.<sup>30</sup> Apart from increasing operational costs and the unsettled diplomatic status of the director, however, the ZPP was a largely inert and disengaged body. It did not contribute to a better understanding of the Algerian market and local regulations – despite that being its primary purpose; nor did it manage to maintain regular communications with the embassy in Algiers and enterprises in Yugoslavia, which often only found out about published public tenders in Algeria when it was too late to organise a bid. With the opening of the Common Commercial Representation, the economist Vasilije Delibašić left the position of economic adviser at the embassy. Paradoxically, at the moment when Yugoslav trade and investments in Algeria were at their height, no single official at the diplomatic mission in Algiers was in charge of economic affairs.<sup>31</sup>

While Yugoslavia's imports from Algeria continued to be heavily dominated by raw materials – predominantly oil (approximately 90 per cent), and to a lesser extent zinc, iron, and phosphates – its exports there comprised industrial products, such as tractors, agricultural machinery, cars, washing machines, refrigerators, stoves, and television receivers.<sup>32</sup> When the trade between the two countries peaked – in 1981, at 378 million USD – 99 per cent of the Algerian export value was made up of crude oil, with the remaining 0.8 per cent consisting of zinc.<sup>33</sup> A record amount of 789,000 tons of black gold was delivered to Yugoslavia within the framework of a long-term contract to import at least 500,000 tons annually until 1990, made between the Yugoslav oil companies and the Algerian state-owned enterprise SONATRACH.<sup>34</sup> Due to financial difficulties and a lack of convertible currency, Yugoslav companies irregularly failed to import the contracted quantities of crude oil (for example, in 1982 and 1983). While Yugoslav companies were partially paid for their investment works in oil, these transactions were not included in the balance of the annual oil import from Algeria in the contracted volume of 0.5 million tons.

Meanwhile, Yugoslav political elites set their eye on Algeria's other hydrocarbon assets. From the beginning of the 1980s, negotiations were commenced for the import of gas once the trans-Mediterranean gas pipeline was completed. Because it had held a contract with SONATRACH for oil and gas exploration in Algeria since 1970, the enterprise Nafta-Gas (from Novi Sad) was to handle the deliveries. The political terrain was also

30 A total of 18 representative offices of Yugoslav manufacturing and export enterprises operated within the Common Commercial Representation in Algiers, including those held by Interexport, Ingra, Minel, Astra-Mašinoimpex, Rudnap, Energoinvest, Geosonda, Makotekst, Nafta-Gas, Hidrotehnika, Hidroelektra, Investimport, and Genex. Report by Atanas Atansievski, Algiers, 17 December 1983, AJ-465-6559.

31 Embassy note No. 1455, 17 December 1982, AJ-465-6546.

32 In 1980 and 1981, Zastava concluded a contract for the sales of, respectively, 8,000 and 10,000 vehicles of the Zastava 101 model. Popularly known as "stojadin", this car had been produced in cooperation with the Italian giant Fiat since 1971. Another excellent deal was made by the manufacturer Obod (from Cetinje) with the sale of 80,000 refrigerators to Algeria in 1982. Algerian households also enjoyed watching television programmes on their black-and-white and colour TV receivers made in Yugoslavia by the company Ei Niš.

33 Lightbulbs were the only quantitatively significant industrial product imported from Algeria. Extract from the Minutes of the 333rd Session of the FEC, Attachment No. 3, 19 February 1982, AJ-465-6545.

34 Platform for the 11th Session of the Joint Commission, Belgrade, 23 February 1982, pp. 5, 18, AJ-465-6545.

being prepared. In January 1985, at the invitation of the Algerian Minister of Foreign Trade and the President of the Commission, Abdelaziz Khelef, the Yugoslav Prime Minister Ante Marković made an official visit to Algeria. A few months after, in July 1985, Yugoslavia signed a twenty-year contract for gas deliveries from Algeria, which were supposed to begin in December 1988 but never realized due to the political and social upheavals in both countries.

While foreign trade in Algeria was under strict state control, the Yugoslav authorities left the market initiatives and international economic activities to self-managing enterprises. Nevertheless, the state tried to stimulate trade with its Algerian partner. Since the competitiveness of Yugoslav exports largely depended on the ability to grant loans on favourable terms, the Yugoslav Bank for International Economic Cooperation (*Jugoslavenska banka za međunarodnu ekonomsku saradnju*, JUBMES) secured a loan of 150 million USD to export equipment and machinery for the construction of industrial facilities in Algeria.

Generally, though, despite gaining strong momentum from the beginning of the 1980s, the bilateral investment cooperation was beset with problems. Enterprises participating in developing countries' markets tended to pursue an autonomous business agenda, that is, independently from Yugoslav institutions and the state authorities. This was not a practice that changed. On the verge of Algerian independence in 1962, the Yugoslav Ambassador in Tunis, Miloš Lalović, warned Yugoslav officials not to repeat the "mistake of unorganized [uncoordinated] appearance", as had occurred in Tunisia.<sup>35</sup>

Some twenty years later after Lalović's warning the situation was not significantly different. Instead of fostering partnerships between contractors and manufacturers of equipment, machinery, and materials, Yugoslav enterprises indulged in market competition and unfair trade practices among themselves. As a result, not only were many business opportunities lost, but their attitude also tarnished the country's image.<sup>36</sup> This was the case even with companies that had formally joined a consortium, such as the one agreed in November 1981 to carry out investment works in the Algerian hydraulics sector.<sup>37</sup>

Among the Yugoslav consortia operating in Algeria, the controversies surrounding the activities of INPROS, a business association of industrial apartment producers, took the forefront.<sup>38</sup> In 1982, INPROS concluded a deal for the construction of 35,000 apartments in Algeria, but because of financial difficulties on both sides (culminating with an economic crisis in Algeria), only 8,136 apartments were built (in the provinces of Bejaia, Jijel, and Oran). Remarkably, 3,100 Yugoslav and around 2,400 Algerian workers were

35 Radonjić, "Slika Afrike u Jugoslaviji", p. 179.

36 Embassy note No. 346, 16 March 1984, AJ-465-6546.

37 *Samoupravni sporazum o udruživanju rada i sredstava za zajednički nastup u izvođenju investicionih radova u vodoprivredi Alžira* (The Self-governing Agreement on the Pooling of Work and Funds for Joint Performance in the Execution of Investment Works in Algeria's Water Utilities).

38 INPROS: *Poslovno udruženje proizvođača za industrijsku proizvodnju stanova i drugih investicionih objekata u zemlji i inostranstvu* (The Business Association of Manufacturers for the Industrial Production of Apartments and Other Investment Facilities in the Country and Abroad).

employed in the construction of these apartments. Yet, the housing project was marked by delays caused by non-payments and painstaking negotiations over a currency clause insisted on by INPROS due to exchange rate fluctuations (according to Algerian regulations, the contracts had to express the project price in Algerian dinars).<sup>39</sup>

Because of the delays caused by taking up this resolute position and consequent disaffection on the part of the Algerian authorities, the Yugoslav embassy in Algiers concluded that INPROS had “created bad blood” and “poisoned the relations between Algeria and Yugoslavia.”<sup>40</sup> The embassy even blamed INPROS for compromising and excluding other Yugoslav enterprises from participating in the construction of industrial and civil facilities in Algeria.<sup>41</sup> In fact, Yugoslav enterprises delivered a large number of bids for investment works and export of goods in the first half of the 1980s that remained unfulfilled, estimated to be worth 3–3.5 billion and 300 million USD, respectively.

Among some of the most significant of the unrealized Yugoslav projects were centres for vocational training of workers and technicians, for which negotiations had been ongoing since 1975. Although Yugoslav enterprises delivered the bid for ten of these centres (in Jijel, Skikda, and Bejaia) and the pilot centre (in Taher), they ultimately failed to participate in the building of any of the 281 planned centres nationwide. The embassy blamed INPROS for the failure of the project,<sup>42</sup> but it is more likely that Yugoslavia’s inability to finance the project through loans determined the outcome.<sup>43</sup> Notwithstanding the failed training centre project, Yugoslav enterprises still managed to realize investment projects valued at the staggering sum of over two billion USD during the period (1960s–1980s).

#### 4. “Sawing Off the Branch We Are Sitting On”

The presence of Yugoslav construction and engineering enterprises across the Global South was considered to be one of the most visible expressions of the growing network of non-aligned political alliances and economic contacts.<sup>44</sup> Much like the export of goods, Yugoslav investments across the Mediterranean exploded in the first half of the 1980s. In Algeria, the government awarded large-scale civil engineering projects, such as the construction of dams, roads, and bridges, to Yugoslav export-oriented enterprises (prominently Hidroelektra, Hidrotehnika, Energoprojekt, Viadukt, and INGRA).<sup>45</sup>

39 Platform for the 11th Session of the Joint Commission, Belgrade, 23 February 1982, AJ-465-6545.

40 Letter by the Yugoslav Embassy, 21 February 1982, AJ-465-6562.

41 Platform for the 11th Session of the Joint Commission, Attachment 2, Belgrade, 20 June 1986, AJ-465-6571; Embassy note No. 195, 21 February 1982, AJ-465-6562.

42 Embassy note No. 518, n.d., AJ-465-6562. Records related to the negotiations on the construction of centres for the education and training of workers in Algeria are part of the fond AJ-465-4564, which was not examined for this study.

43 Information on Scientific and Technical Cooperation with Algeria, Belgrade, 3 July 1978, HAD (Hrvatski državni arhiv)-1727-345.

44 Spaskovska and Calori, *A Nonaligned Business World*, p. 414.

45 Some of the most significant works carried out by INGRA in Algeria were the construction of two port and six continental silos, the port of Arzew, and the textile factory in Biskra. Together with Hidroelektra, INGRA partici-

These engineering arrangements proved highly stimulating for other industrial sectors in Yugoslavia. For example, with the multiplication of ongoing projects granted to the Zagreb-based enterprises Hidroelektra, INGRA, and Viadukt, in June 1985, the national airline Yugoslav Aerotransport (*Jugoslovenski Aerotransport*, JAT) introduced an additional, third weekly direct flight on the Zagreb–Algiers route.<sup>46</sup> As measured by the value of investment works for the year 1985, which amounted close to 0.5 billion USD, Algeria became Yugoslavia's biggest partner in the Global South, surpassing Iraq and Libya.

As mentioned, the total value of the Yugoslav performed investment works in Algeria amounted to over two billion USD.<sup>47</sup> Almost half of that sum, about 950 million USD, was held within the water management sector, in which Yugoslav companies had already built an enviable international reputation.<sup>48</sup> Although many Yugoslav companies were present in Algeria's investment market, the Zagreb-based engineering enterprise Hidroelektra dominated the construction arena. This company was first engaged in 1980 by the Ministry of Public Works on the construction of a single carriageway of the Chiffa-Berrouaghia road and later by the Ministry of Defence on the Boufarik military airport. However, most of Hidroelektra's projects were conducted for the Ministry of Hydraulics, Environment, and Forestry, including works on the system for supplying drinking water to Algiers (*Système de Production Isser Keddara*, SPIK)<sup>49</sup> and several dams across Algeria (e.g. Sidi Yacoub, Mina, Chiffa, and Zeralda).<sup>50</sup>

The importance and size of the hydraulics sector making up Algerian investment plans were clear to the Yugoslav decision-makers. That is why Yugoslav delegates took seriously the warning issued by their hosts during the 12<sup>th</sup> Session of the Algerian-Yugoslav Joint Commission for Economic, Scientific, and Technical Cooperation, which gathered in June 1983 in Algiers. As a clear expression of their discontent, the Algerian hosts adjourned the talks. The cause of the misunderstanding between the two non-aligned partners was the question of technical aid as a complementary activity to trade and business ventures of Yugoslav enterprises. Various Algerian ministries raised the issue of the venial

pated in construction of the Chiffa-to-Berrouaghia road and Boufarik military airport. Informacijski memorandum, INGRA, 10 January 2010, p. 37–38. Available at <http://185.103.219.61/userdocsimages/prospekti/INGR-M-146AProspekt-17102011144607.pdf> (accessed 15 February 2023).

46 JAT advertisement, Večernji list, no. 7928, 12 June 1985.

47 In 1981 and 1982, Yugoslav enterprises concluded investment deals to the amount of 560 million USD. In addition to the construction of three dams carried out by Hidrotehnika and Hidroelektra worth 400 million USD, the latter participated in building a section of the Algiers highway, while Rudis Trbovlje constructed two shoe factories (in Frenda and El Bayadh) and soon after signed a contract to build a third (in Bou Saada). As part of a consortium with the French company SECIM, Makmetal participated in the construction of an aluminium profiles factory (all these in addition to the INPROS design and construction of apartments in Bejaia, Jijel and Oran, as mentioned). SSST, Platform for the 11th Session of the Joint Commission, Belgrade, 23 February 1982, p. 6, AJ-465-6545.

48 Platform for the 15th Session of the Joint Commission, Belgrade, 20 June 1986, p. 1, AJ-465-6571.

49 Hidroelektra carried out the works on SPIK jointly with Hidrotehnika i Unioninvest.

50 Saša Šimpraga, *Politika je Omogućila Projekte* [Politics Made the Projects Possible], interview with Ivan Martinović, *Vizkultura*, 21 December 2020, <https://vizkultura.hr/politika-je-omogucila-projekte/> (accessed 29 January 2023).

presence of Yugoslav technical experts in their country, and the representative of the Ministry of Hydraulics was particularly sharp, noting that Yugoslavia had not fulfilled the request to 55 dispatch experts and provide scholarships for 150 students promised to his ministry within the technical cooperation framework.<sup>51</sup>

At the meeting in Algiers, the Yugoslavian side was told clearly that the decision to award important investment projects to enterprises had not derived from commercial factors but from “a political decision made at a high level”. In fact, many of the enterprises underestimated the fact that Yugoslavia’s signature non-aligned policy oftentimes played a decisive role in securing business deals across the Global South for the local engineering sector.<sup>52</sup> Namely, offers from Yugoslavia were often uncompetitive due to high prices and lower technological levels than Western companies. Another disadvantage was the limited possibility of granting loans with low interests rate and long repayment plans, one of the main concerns of developing countries in general.<sup>53</sup> Therefore, as compensation for lucrative business deals, particularly related to the construction of dams, the Algerian government had requested scholarships for students and a highly-skilled workforce acting as technical cooperation experts under special payment terms.<sup>54</sup> Within one such request of November 1982, the Ministry of Hydraulics demanded 55 experts to be dispatched by the end of 1984.<sup>55</sup>

The meeting alerted the Yugoslav officials to the need to respond positively to Algerian requests for specialized personnel since the outcomes of public tenders and the possibility of future investments would depend on this.<sup>56</sup> Thus, technical experts engaged through government channels took on the duty “to work on the improvement of eco-

51 Further to the bilateral technical cooperation framework, based on the contract for the construction of dams of Ain Zada, Keddara, and Sidi Yakoub, the Yugoslavian enterprises committed to organising higher education schooling in Yugoslavia for 156 Algerian students, and between 1981 and 1983, the Algerian Ministry of Water Management’s scholarship holders arrived for regular studies. The Algerians were admitted to a six-year programme, mostly in engineering disciplines, with the first year dedicated to learning and mastering the Serbo-Croatian language. Hidroelektra took responsibility for the schooling of 50 students, the first 22 in October 1981 and the second group of 28 the following October, while Hidrotehnika had over 106 Algerian students. Alongside covering the costs of their tuition fees, dormitory accommodation, internships, books, and language course fees, the enterprises were responsible for monitoring academic performance. Because the students showed poor study results and a lack of discipline, the Algerian authorities sent home almost half; of the 106 Hidrotehnika scholarship holders, only 14 passed the first year of study. As a result, the Algerian authorities reconsidered sending their students for education in Yugoslavia in the future. Bilješka o Razgovoru Održanom na Sveučilištu o Beogradu o Problemu Školovanja Alžirskih Studenata [Note on the Interview held at the University of Belgrade on the Problem of the Education of Algerian Students], Belgrade, 20 January 1986; Informacija o Školovanju Alžirskih Kadrova [Information on the Training of Algerian Personnel], 30 January 1986; Ugovor o Izgradnji Hidroobjekata – Brana Sidi Yakoub [Objection to the Construction of the Hydro Facility – Sidi Yakoub Dam], n.d.; Vilko Usmiani, Izvještaj o Alžirskim Studentima Koji se Školuju u Organizaciji Hidroelektrne [Report on Algerian Students Studying at the Hidroelektra Organisation], n.d.; Dragan Obradović, Informacija o Školovanju Alžirskih Studenata – Hidrotehnika [Information on the Education of Algerian Students – Hydrotechnics], 19 December 1985, AJ-465-6562.

52 Šimpraga, “Politika je omogućila projekte” [interview], 2020.

53 Report on the 9th Session of the Joint Commission, 10 October 1979, pp. 3–4, HDA-1727-347.

54 Request for 70 hydraulics experts, 8 December 1982, HDA-1727-347.

55 Embassy note No. 1391, December 1982, AJ-465-6562.

56 Report from the 12th session of the Joint Commission, 21 July 1983, p. 2, HDA-1727-344.

conomic and other relations” with the host country. The assigned task included serving as mediators between Yugoslav enterprises and the Algerian administration in order to avoid its typically inefficient communication channels. The ultimate goal was to secure companies with further lucrative business arrangements, a task that came to prominence when experts acted from the position of ministerial advisors.

The value of experts’ activities for the Yugoslav construction sector in the Global South during the 1980s economic crisis was depicted by a Croatian engineer who at that time was an employee of the Algerian Ministry of Public Works: “In this difficult time for us constructors, every person at such a spot [technical expert in the Global South] is a potential opportunity for the development of [investment] cooperation [...]”<sup>57</sup>

As it was a taboo topic in the Yugoslav public sphere, it is only from official documents that we learn that the Algerians were not entirely satisfied with Yugoslav companies’ performances. The construction process would become prolonged, and work often exceeded deadlines. However, some of the reasons were also to be found on the Algerian side. For instance, the Algerian authorities introduced a quota for foreign blue-collar workers in order to give priority to local low-skilled (unemployed) staff at foreign enterprises. Then, without adequate training to operate the machinery, local personnel frequently caused breakdowns of machines owned by Yugoslav contractors. Because there was oftentimes no possibility to purchase spare parts or conduct repairs in Algeria, enterprises were forced to take the machinery out of the country and repair it back in Yugoslavia.

A related problem was the absence of a sea lane on the Yugoslavia-Algeria route, which complicated transportation and increased shipping costs. This had caused not only delays but also excessive costs for the enterprises since they had to pay custom import duties when introducing the machinery back into Algeria.<sup>58</sup> Thus, enterprises opted to bring their employees from Yugoslavia, which meant that the start of work was delayed because of the difficulties in obtaining work permits for the blue-collar Yugoslav workers (machine operators, chefs, etc.). The Algerian labour legislation impacted the workers, too. Because their stay was not legally regulated, they were only able to acquire a tourist visa to enter Algeria. Thus, they had to exit and re-enter the country every three months, usually through neighbouring Tunisia.

Fearing that the low presence of technical experts in Algeria would jeopardize not only further economic opportunities but also the overall bilateral relations, and hoping that the export of high-level labour services would benefit economic cooperation, the Yugoslav body in charge of international technical cooperation – the Federal Administration for International Technical Cooperation (*Zavod za međunarodnu tehničku saradnju*, ZAMTES) – urged enterprises interested or already engaged in investment works in

57 Letter from J.V. to Dobrovoje Drašković, Skikda, 18 April 1986, HDA-1727-466.

58 Platforma za XI zasedanje Mešovitog komiteta za privrednu i naučno-tehničku saradnju između SFR Jugoslavije i Demokratske Narodne Republike Alžira [Platform for the XI Session of the Joint Committee for Economic and Scientific-Technical Cooperation between the SFR Yugoslavia and the Democratic People’s Republic of Algeria], Annex no. 10, Belgrade, 23 February 1982, p. 3, AJ-465-6545; Economic Relations of the Socialist Republic of Croatia with Algeria, n.d., p. 5–6, HDA-1727-346.

Algeria to make their employees available for recruitment under the technical cooperation agenda. To their disappointment, most of the appeals received no response. Only in 1984 did ZAMTES manage to recruit and, by the end of the year, dispatch eight employees of Hidroelektra.<sup>59</sup>

In August 1986, within the same request of the Ministry of Hydraulics, ZAMTES, in cooperation with INGRA, proposed two teams of nine experts.<sup>60</sup> One was to work in the central administration of the ministry, and the other in ongoing construction projects.<sup>61</sup> None of the selected experts was an actual INGRA employee, but the selected candidates were to represent the enterprise in order to improve its business positions and “repay” for the investment works it had been granted.<sup>62</sup>

A similar request was expressed by the Ministry of Public Works in 1984 for 18 road engineers and 6 professors who specialized in the construction of bridges, overpasses, and tunnels. As these people had already been engaged in the construction of highways and supporting facilities in Algeria, ZAMTES appealed directly to the Croatian enterprises Hidroelektra and Viadukt.<sup>63</sup> Despite urging them to encourage their employees to take positions of technical experts, only one Viadukt employee applied, and even he eventually gave up.<sup>64</sup> Only after it had published a publicly advertised call in 1985 was ZAMTES able to recruit and dispatch six experts (in February 1986).

Some of the reasons behind the difficulties in recruiting and dispatching experts to Algeria can be found in the stance of the self-managing business sector towards technical cooperation. First, enterprises refrained from ceding their experts for a period of years since this implied an instant loss of human capital and subsequent loss of profit for the business.<sup>65</sup> In fact, technical cooperation programmes were regarded as direct competition to their commercial offers, for example, by reducing the price of their employees’ services. Hence, ZAMTES accused the domestic business entities of “blocking” their employees; to become eligible for employment abroad within the technical cooperation agenda, experts had to terminate their employment at home, and, without a secured position upon return from the “mission” abroad, experts were discouraged from the engagement in Algeria.

A second issue was that, in addition to their human capital, enterprises were hesitant about allocating their financial capital for the implementation of technical cooperation programmes. This became clear after the initiative to involve enterprises in the funding schemes of technical cooperation with Algeria launched in June 1983, shortly after the 12<sup>th</sup> Session of the Joint Commission. The plan had foreseen the establishment of a sepa-

59 Engagement of Eight Hidroelektra’s experts, Belgrade, 4 December 1984, HDA-1727-347.

60 Information on Scientific and Technical Cooperation with Algeria, Zagreb, 25 June 1987, HDA-1727-345.

61 Request of the Ministry of Hydraulics to Hire Experts, 20 December 1985, HDA-1727-347.

62 A letter to INGRA requesting teams of experts for the Algerian Ministry of Hydraulics, 15 April 1986, HDA-1727-347.

63 Embassy note No. 533, 23 April 1984, AJ-465-6562.

64 Note from Zrelec to the Yugoslav Embassy in Algeria, 24 July 1984, AJ-465-6562.

65 Note from ZAMTES to DTD, 14 February 1983, AJ-465-6556a.

rate budget to which interested enterprises would financially contribute 0.2 per cent of the total value of contracted works.<sup>66</sup>

This budget, the “Fund of Organizations of Associated Labour for Scientific and Technical Cooperation with Algeria” (*Fond organizacija udruženog rada za naučno-tehničku suradnju s Alžirom*), was to start operating from 1984 within the Algerian Section of the Yugoslav Chamber of Commerce. A deposit was intended to cover salary increases for the experts in order to stimulate the highly skilled workforce to accept the engagement abroad. The concept was reminiscent of the Fund for the Accelerated Development of Less-developed Republics and Kosovo (*Fond za ubrzani razvoj manje razvijenih republika i Kosova*), which operated from 1965 and to which enterprises had to allocate 4 per cent of the capital gains.<sup>67</sup> However, because the vast majority of members of the Yugoslav Chamber of Commerce’s Algerian Section either refrained from voting or voted against the founding agreement, the idea of the Fund was ultimately abandoned.<sup>68</sup>

Failures to dispatch the requested number of experts led to accusations from many Third World leaders of Yugoslavia taking a commercial approach to technical cooperation and neglecting the principles of solidarity in favour of capitalist profiteering. In line with this, the Algerians denounced Yugoslavs for declaring their commitment to solidarity principles and mutual benefit while, in practice, acting as “mere profiteers”.<sup>69</sup> Such attitudes and cost-benefit calculations by the enterprises caused the Algerian representatives to repeatedly make their counterparts aware that “the commercial aspect of the relationship [with Yugoslavia] was overemphasized”.<sup>70</sup>

As a result of the international critiques directed at Yugoslavia, ZAMTES, in turn, accused the domestic business sector of being driven by a desire for instant profit rather than focusing on long-term bilateral cooperation goals<sup>71</sup> and prioritizing national interests (“general interest of the community”).<sup>72</sup> The existence of conflicting agendas within the Yugoslav society was particularly evident in the example of the 1981–1982 Algerian request for 93 agricultural experts.

Launching the project of the restructuring of the agricultural sector in September 1981, the Algerian Ministry of Agriculture appealed to Eastern European socialist countries for agronomists, with 15 places foreseen for Yugoslav experts. A few months later, in

66 Report of the Yugoslav Delegation from the 12th Session of the Joint Commission, 21 July 1983, p. 10, HDA-1727-344.

67 Founding agreement: The Self-governing Agreement on the Pooling of Funds and the Establishment of a Fund for the Financing of Scientific and Technical Cooperation with Algeria (*Samoupravni sporazum o udruživanju sredstava i osnivanju Fonda za financiranje naučno-tehničke suradnje s Alžirom*). M. Piljak, *Reforme Jugoslovenskog Ekonomskog Sistema 1945–1965* [Reforms of the Yugoslav economic system 1945–1965], in: Z. Janjetović (ed.), *Istorijska Tribina: Istraživanja Mladih Saradnika Instituta za Noviju Istoriju Srbije* [Historical Tribune: Research by the Young Associates of the Institute for New History of Serbia], Belgrade 2013, p. 232.

68 The Algerian Section of the Yugoslav Chamber of Commerce counted almost 200 members.

69 Embassy note No. 1171, 8 October 1982, AJ-465-6570.

70 Report from the 12th Session of the Joint Commission, 21 July 1983, HDA-1727-344; Report by the Yugoslav Delegation on the 11th Session of the Joint Commission, Belgrade, 7 June 1982, AJ-465-6545.

71 Embassy note No. 1148, 2 October 1982, AJ-465-6570.

72 Report on the Business Trip to Algeria by Blažo Krstajić, January 1972, AJ-465-6572.

February 1982, the request to Yugoslavia grew to 93 experts.<sup>73</sup> Regardless of the possible difficulties they could have expected in fulfilling this number, both ZAMTES and the Yugoslav embassy in Algiers were hopeful of a successful integration of economic cooperation with the activities of technical cooperation. The ZAMTES representatives believed that experts working as ministerial or management advisors could secure important business deals for Yugoslav enterprises in the Algerian agriculture sector. In a similar fashion, Yugoslav diplomats in Algiers metaphorically defined technical cooperation as a “precursor” to economic cooperation and its absence as a “handicap”.<sup>74</sup>

Accordingly, in May 1982, ZAMTES sent a joint consulting mission to Algeria consisting of six agricultural experts assigned to examine the state of the local agricultural sector and explore perspectives for economic cooperation with the non-aligned partner. Understanding the scope of food imports and the potential of investments under the restructuring of the local agricultural sector, ZAMTES officials reasoned that by taking positions in the central administration of the Algerian Ministry, experts could influence the choice of equipment, technology, and contractors. They were also expected to support and increase the opportunities for Yugoslav enterprises (specifically Poljoprivredni kombinat Beograd [PKB] and Energoprojekt) to win tenders for projects (in Western Mitidja and Soummam, respectively).<sup>75</sup> In other words, Yugoslav personnel were to help in directing the Algerian agricultural sector towards concluding trade and investment deals with Yugoslav enterprises.

Likewise, the embassy regarded successful experts’ work performances as “a reference for obtaining further business deals”.<sup>76</sup> Therefore, even a new increase in the request made by the Algerian ministry – to 172 experts, delivered in August 1982 – did not discourage ZAMTES. On the contrary, its officials regarded the request as a ground-breaking opportunity that could open a new chapter in the cooperation between the two countries<sup>77</sup> – particularly because the Algerians promised favourable employment conditions for the Yugoslav experts.<sup>78</sup>

Explaining the importance of the request and the significance of the positions at the Algerian administration for increasing the chances of future Yugoslav investments in the Algerian agricultural sector, ZAMTES called upon domestic enterprises to appoint their most qualified agronomists.<sup>79</sup> However, Yugoslav enterprises showed reluctance to outsource their employees below the market price. The negotiations between the Algerian delegation and the representatives of Yugoslavia’s Chamber of Commerce and enterprises (most notably, Poljoprivredni kombinat Beograd, Agrokombinat 13. jul, Emona, DTD, and Energoprojekt) broke down over the price of experts’ services.

73 Agenda on the Engagement of 15 Agricultural Experts, n.d., AJ-465-6570.

74 Embassy note No. 632, 19 May 1982, AJ-465-6570.

75 Letter from Ambassador Faik Dizdarević, 10 May 1983, AJ-465-6546.

76 Embassy note No. 632, 19 May 1982, AJ-465-6570.

77 Letter to ZAMTES branch offices, 15 February 1982, AJ-465-6570.

78 Embassy note No. 677, 31 May 1982, AJ-465-6570.

79 Blažo Krstajić’s fax to ZAMTES branch office in Croatia, Belgrade, 15 February 1982, HDA-1727-346.

Evaluating the offer made by the Yugoslav businessmen as “exaggerated” and jeopardizing the conclusion of the deal, the embassy urged enterprises to offer personnel at a significantly lower fee. Yet, before the consensus on the matter in Yugoslavia had been reached, the Algerians decided to terminate the negotiations.<sup>80</sup> Strongly disappointed at how the negotiations had played out, the embassy in Algiers immediately launched criticisms of the Yugoslav business sector for prioritizing their commercial self-interest over the national interest: they had “put the instant profit at the forefront by asking for very high salaries for their experts”.<sup>81</sup> Thus, the embassy warned that “the commercialization of technical cooperation can only have negative consequences for the overall [Yugoslav] presence in Algeria”.<sup>82</sup> Moreover – and revealingly – as the jobs were eventually awarded to competitors from Bulgaria, Romania, Hungary, and the USSR, the embassy blamed enterprises for “creating a chance for the Eastern Bloc to strengthen its position in Algeria”.<sup>83</sup>

The changed perception of Algerian decision-makers about Yugoslavia’s abandonment of the principle of solidarity in favour of commercial interests had already been reinforced by the enterprises’ stance when asked to deliver lectures at seminars in hydraulics. Upon receiving an offer from the Jaroslav Černi Institute for the Development of Water Resources (*Institut za vodoprivredu “Jaroslav Černi”*), asking for a fee of 200 USD per expert per day together with secured accommodation and transportation costs, Algerian Ministry officials complained that Yugoslavs “want to monetize on their [development] needs at all costs”. For its part, the embassy in Algiers figuratively assessed that the proposal delivered by the Jaroslav Černi Institute “saws off the branch we are sitting on”.<sup>84</sup> In a note delivered to ZAMTES, the embassy explained that the highly commercialized technical aid offer was a self-defeating act for the Yugoslav economic policy in Algeria:

*[R]educing the STC [scientific and technical cooperation] to honorarium, trading, and bargaining at every opportunity is a great shame and is more harmful to our relations than simply not participating in such gatherings [seminars]. We are struggling to get jobs in water management, and Jaroslav Černi, with its demands on the principle of “fee [profit] above all” directly destroys these efforts.*<sup>85</sup>

The unsuccessful attempts by Yugoslav authorities to increase the number of technical experts in Algeria during the 1980s revealed that the solidarity foundations on which the bilateral East-South relations were founded had started cracking under the pressure of the commercial interests of the profit-oriented, self-managing entrepreneurial sector. In fact, the Yugoslav Chamber of Commerce in 1988 recommended that the enterprises

80 Scientific and Technical Cooperation with Algeria in Agriculture, 5 October 1982, HDA-1727-344; Information on the Economic Part of the Cooperation, 21 December 1982, HDA-1727-344.

81 Embassy note No. 1383, 29 November 1982, AJ-465-6570.

82 Embassy note No. 372, 23 March 1982, AJ, 465-6556a.

83 Embassy note No. 1465, 20 December 1982, AJ-465-6570.

84 Embassy letter on scientific and technical cooperation with Algeria, 12 March 1982, AJ-465-6556a.

85 Embassy note No. 360, 21 March 1982, AJ-465-6556a.

reject any Algerian requests for technical cooperation agreements or, alternatively, offer services of their employees exclusively on “commercially defined terms”.<sup>86</sup>

Eventually, after a series of unsuccessful attempts to dispatch a more significant number of experts, in 1987, ZAMTES turned to the Ministry of Foreign Affairs to assess the viability of the technical expert program with Algeria and whether to call off this aspect of the cooperation. The figures spoke for themselves: Yugoslavia only had a total of about 20 experts in Algeria at the time. Meanwhile, almost 250 Algerian students were in Yugoslavia, of whom only 39 held Yugoslav scholarships. Although it did not end with a direct resolution, since the board decided to proceed with the programme for “political and economic reasons”,<sup>87</sup> the dissolution of Yugoslavia dispelled any lingering hopes that technical cooperation might ever play an important role in the relations between the two countries.

## 5. Conclusion

With the unfolding of liberalization processes and capitalist market-based thinking entering the socialist economy, Yugoslavia’s technical assistance to the Global South provided under the principles of solidarity became highly contested by the commercial and financial interests of the self-managing enterprises. Focusing on the case of trade relations with Algeria, one of Yugoslavia’s leading non-aligned partners, this paper has shown the divergent viewpoints on technical cooperation with the Global South between the Yugoslav state authorities, on the one hand, and the domestic self-managing business sector, on the other, indicating the implications this had on the implementation of technical assistance programmes abroad.

Motivated by immediate profit-making, the market-oriented entrepreneurial logic of the self-managing enterprises clashed with the official government thinking, which envisioned the technical aid policy as a long-term investment in economic relations with post-colonial countries. The tangible consequence of this divergence was a stalemate in the dispatching of technical experts overseas. Since the implementation of technical cooperation programmes required human and financial capital concentrated in the enterprises, the institutions depended on collaboration, coordination and joint efforts with the latter. Yet, contrary to the reasonings of the authorities, the entrepreneurial logic held that outsourcing employees below market price was not economically viable, and allocating financial resources for the running of technical cooperation programmes similarly failed to fit into their cost-benefit analysis.

As discussed, the majority of Yugoslav enterprises had no real interest in the markets of the Global South. Although the government tried to stimulate trade and investments

86 Suggestions by Yugoslav Chamber of Commerce Regarding the Draft Platform for the 2nd Session of the Sub-commission, Belgrade, 5 May 1988, AJ-465-6568.

87 Report to the Solidarity Fund on the realization of sending 61 experts to work in Algeria, 13 February 1987, AJ-465-6559.

with developing countries, predominantly by introducing a preferential tariff system for imports and granting loans for exports, Yugoslavia's exchange with the South had never managed to surpass 20 per cent of its international trade. The attitude of Yugoslav enterprises can also be noted in their business practices, as they often failed to respect the contracted trade terms and resorted to unfair trade practices. Thus, Yugoslavia's non-aligned partners frequently voiced complaints accusing them of selling subpar manufactured goods, installing outdated machinery and equipment, work delays, and displaying a general lack of attention to business ethics.

Although Yugoslav companies did realize large-scale investment projects in Algeria – to the staggering value of over two billion USD by 1985 – they omitted the fact that a large part of this success was due to the government's non-aligned policy fostering cordial political relations. Frequently, Yugoslav enterprises issued uncompetitive bids with high prices and lower technological levels than their competitors, particularly those from the West. Thus, the investment works awarded were to be compensated for in the form of technical assistance programmes, that is, the services of technical experts and granting student scholarships. Instead, the companies were ready to provide their employees' services at a market-defined price, seeking to pass off commercial contracts as technical assistance agreements.

Overall, the final evaluation of the direct implications of these business approaches and practices on the outcomes of potential Yugoslav overseas projects proves to be intricate, both specifically in Algeria and the Global South as a whole. This intricacy is exacerbated by the dissolution of the Federation and the political and social upheavals that occurred in Algeria at the beginning of the 1990s. Nevertheless, it is evident that the actions and stances of the enterprises operating internationally significantly influenced how Yugoslavs were perceived by their counterparts from the Global South, who portrayed them as self-interested "capitalist profiteers".