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ATANASIE-TEOFIL DUMITRACHE

**THE ECONOMIC RELATIONS
BETWEEN ROMANIA AND
ITALY IN THE SECOND
WORLD WAR**



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FOREWORD

It is undoubtedly common to write about World War II. It is a theme that always manages to attract the attention of readers and which offers such a wealth of ideas and episodes to tell about. At the same time, however, after decades of consolidated historiography, it is certainly not easy to find a specific topic that can be defined as innovative from a historical point of view. This is a goal this work managed to achieve, offering an interesting contribution on Italian-Romanian economic relations.

Although what the Author stated in the introduction may perhaps appear excessive, i.e. that the War itself was a compilation of competitions between the world most important capitalist powers for economic reasons – this was absolutely true for Japan but only partly for Germany or Italy – we can agree that these were essential factors in the further development of the conflict. Together with political, strategic, and demographic factors they definitely contributed to the outbreak of the World War II. It is also true that the quantity and quality of the resources possessed by, or accessible to each of the Great Powers were key factors that ultimately decided the outcome of the war.

The aims of the work is clearly to provide a model for the analysis of the economic relations between the Axis States

THE ITALIAN-ROMANIAN ECONOMIC RELATIONS BEFORE THE OUTBREAK OF THE SECOND WORLD WAR

I.1. Italy and Romania after the Munich Agreement

In the end of 1938, the relations between Italy and Romania had been significantly influenced by the Munich Agreement, through which the Nazi Germany obtained the Sudetenland, part of Czechoslovakia at the time. The Romanian foreign policy was still based on the traditional links to France and England but their *appeasement* policy was proved to be fragile for keeping the independence, sovereignty and territorial integrity of Romania after the Munich Agreement.

Both Czechoslovakia and Romania were members of the Little Entente, an alliance that had a defensive purpose against the revisionist Hungary and that was supported by France, in order to gain influence in the area of Central and Eastern Europe. With the Munich Agreement came also the dissolution of The Little Entente and the mistrust of small and middle states in the *appeasement* policy promoted by France and England.

The Munich Agreement was seen by France and Britain as a compromise that granted Hitler what was believed to be his final territorial wish, and they saw it as turning Germany into a partner in the project of establishing a general peace. The German government in turn was convinced that it had just won

the right to impose on Central and Eastern Europe the peace that suited it best⁷.

The principle of partition has entered European politics. Europe was divided into the zone of Western democracies and the Reich-controlled zone of Centre and East. This new situation was not the result of diplomatic texts but of the constant German pressure along with the new economic and political status quo that developed between the Rhine and the Black Sea. In that context of partition and the establishment of the security of the new German territory, the collective peace organisations that had been defending Romania's interests until then were sacrificed. The League of Nations lost its authority and the Little Entente ceased to exist.

Even before German, Hungarian and Polish pressure on Czechoslovakia intensified, the Romanian government had been adamant that its independence and integrity should be respected. Romanian diplomats made numerous interventions in the major European capitals, saying that Romania was also willing to accept overflights of its territory by any Soviet planes that might have intervened on behalf of Czechoslovakia⁸.

Romania's problem was the Hungarian revisionist claims. This led the Romanian government to be cautious in its dealings with the authorities in Berlin. At the latter's suggestion, Romania had to adopt as neutral an attitude as possible towards international events. The allies in the Balkan Entente adopted the same attitude, certain that only through neutrality could they preserve their territorial integrity. Nevertheless, the Romanians continued to work to ensure that Czechoslovakia

survived. The break-up of the ally in the Little Entente could only provoke the Hungarian revisionist reaction, the greatest threat to the Romanians at the time.

Romania was a middle-sized state at the time, and although it still retained its diplomatic principles and objectives, it had changed its methods of achieving them. Moreover, this new approach was absolutely necessary in the tense international context and in view of the interest that the Great Powers had in Central and Southern Europe. This was when relations with Italy were reopened.

The paradox of the Italian-Romanian rapprochement at the time was that Italy was part of the four powers that signed the Munich Agreement, together with Germany, England and France. Italy was also politically allied with Hungary, encouraging its annexationist plans in Subcarpathian Ruthenia. Italy was also strongly opposed to the Little Entente.

Between Munich and the beginning of the Second World War, Axis policy in the Danube sector had, in principle, two fundamental directives: the division of the territory into zones of interest between Germany and Italy, and efforts to achieve neutrality for the states in the area, i.e. their *de facto* association with Axis actions, without prematurely taking positions that were too exposed and could have led to complications on the part of the Western Powers⁹.

The Axis policy, however, was not a linear one, which displeased Italy. The division of the Balkans into spheres of influence remained vague. Moreover, German actions worried officials in Rome as the Reich had already occupied Austria and significant parts of Czechoslovakia in 1938, while Italy had

⁷ Grigore Gafencu, *Last Days of Europe. A Diplomatic Journey in 1939*, E. Fletcher-Allen (tr.), New Haven: Yale University Press, 1948, p. 17.

⁸ Alesandru Duțu, *România în istoria secolului XX*, Bucharest: Editura Fundației România de mâine, 2007, p. 96.

⁹ Enzo Collotti, Teodoro Sala, Giorgio Vaccarino, *L'Italia nell'Europa danubiana durante la seconda guerra mondiale*, Milan: Istituto Nazionale per la Storia del Movimento di Liberazione, 1967, p. 10.

achieved no international success in the same period. The Axis was working in favour of only one of its two sides. It remained to be seen to what extent Italy could alter the balance of power in the Balkans. Before entering Albania, attention was initially focused on Romania from an economic point of view.

As for relations between Italy and Romania, there were often intentions to intensify them, expressed by both countries. The problem until the end of 1938 was the lack of synchronization between the manifestations of the two countries, due to the policies they had had in the past and in particular to Romania's excessive loyalty to its allies, Yugoslavia and Czechoslovakia, and at the same time because of the Italian-Magyar friendship.

After the Munich Agreement, Bucharest began to fear that it was too late and, moreover, it was then that Romania's Minister of Foreign Affairs, Comnen, began to understand the role that Italy had in Eastern Europe¹⁰.

In that context, the Italo-Romanian relations began to intensify as a result of the political and economic demands and needs of both countries. In the first place, Raffaele Riccardi¹¹, who was State Undersecretary for several departments, the president of the official armaments group and to some extent the political guide of the Italian heavy industry had been tasked with an economic mission in Romania, at the beginning of November 1938. He was accompanied by four technicians¹². They

¹⁰ *Documenti Diplomatici Italiani* (hereafter: DDI), Rome: La Libreria dello Stato, 2003, serie VIII, vol. X, doc. 225, p. 219.

¹¹ Riccardi Raffaello (1899-1977) – Italian Fascist politician, the minister for Exchanges and Currencies of the Kingdom of Italy between 1939-1943.

¹² Arhivele Diplomatice ale Ministerului Afacerilor Externe (hereafter: ADMAE), fund 71/Italia, vol. 65, telegram 1881, from the Legation in Rome to „Ministerul Afacerilor Străine”, Rome, 29 October 1938, p. 161.

had an audience with the King Carol II, in order to encourage the Italian exports and also to counteract the growing German penetration in the area.

The four who accompanied Riccardi were General Bruno, for discussions on collaboration in the field of aeronautics, Engineer Moris, for discussions on explosives and ammunition, Engineer Enrico, for the navy, and Engineer Schmidt, for land armaments¹³.

The delegation arrived in Bucharest for talks on the purchase by Romania of land, sea and air war material worth 2 billion Italian lira¹⁴. This was in the context of the change of military attaché Colonel Guglielmo della Porta for Colonel Giuseppe Cosentini. Della Porta had already concluded contracts for the supply of land war material worth 80 million lira. Despite his skills in economic negotiations, what he had managed to achieve so far was insufficient, given that Romanian demands were substantial, expressing urgent needs for military equipment, 150 mm guns, 47 mm anti-tank guns, aircraft engines and submarines. Solving the economic problems in Romania's arms supply could no longer be left to the military attachés alone.

Italy was aware of the deplorable state of the Romanian air force and of armaments in general, and out of a desire to later gain economic and industrial influence in Romania and significant quantities of natural resources in this country, it took advantage and assured Romania that it would supply the war materials it needed. For many years, France supplied ar-

¹³ Archivio dell'Ufficio Storico Stato Maggiore Esercito (hereafter: AUSSME), fund H-3, vol. 16, fasc. 33, no. 6370, from Military attaché to „Ministero della Guerra”, Bucharest, 6 November 1938.

¹⁴ AUSSME, fund H-3, vol. 12, fasc. 1, Pro-memoria per il Sottosegretario, Rome, 17 November 1938.

maments to the eastern countries but the problems it had in its production of war materials, together with its own needs, reduced its export possibilities to the area in 1938. Further, Romania turned to the Skoda factories in Czechoslovakia, which became the main supplier of armaments to the Romanian Army, a move eventually interrupted by the German occupation of Bohemia. Italy could therefore take advantage of the removal of French and Czechoslovak influence from Romania. Through its economic and industrial actions, Italy was laying the foundations for a new competition in Romania between itself and Germany¹⁵.

President Riccardi told Zamfirescu, the Romanian Minister in Rome, that during his mission in Romania he had noted the profound wisdom of King Carol II, the desire of the Romanian people to play the role imposed by their history and geographical position and the country's natural resources. Riccardi went on to assure that Mussolini and Ciano were sincerely open to political and economic collaboration with Romania¹⁶. Riccardi raised the issue of a new era in Italian-Romanian relations, which would later have repercussions on Italian policy towards Romania. Riccardi criticised both the political mistakes of the Hungarians and the Italians who were sceptical about the economic collaboration with Romania, which he saw as a great success.

Finally, these statements of the time should be viewed with caution as Riccardi had every interest in presenting his

¹⁵ John Gooch, *Mussolini and his Generals. The Armed Forces and Fascist Foreign Policy, 1922-1940*, Cambridge: Cambridge University Press, 2007, p. 425.

¹⁶ ADMAE, fund 71/Italia, vol. 65, telegram 2035, from the Legation in Rome to „Ministerul Afacerilor Străine”, Rome, 24 November 1938, p. 181-182.

activities in a glorious manner. In reality it must be understood that although the rapprochement between Italy and Romania in economic terms was evident, it was slow in coming as the European geopolitical situation was still uncertain and all possibilities for positioning each country in international relations were being considered. Political and economic transitions in a context of continent-wide crisis were not made in a smooth, direct and tension-free way.

Close ties with Germany and Italy had become imperative for Romania in that international context, but there was no rush to join the camp of the Axis powers. King Carol II still hoped that Britain could become a counterweight to Germany in south-eastern Europe. He had great respect for Britain's economic strength and believed that this country would ultimately emerge the winner in any new war. After the Munich Agreement, Romania refused, firstly, to participate in the partition of Subcarpathian Ruthenia and, secondly, sought to demonstrate its solidarity with the order that had been established in Europe by the Western powers.

In mid-November, King Carol II made official visits to both London and Paris, seeking assurances that Britain and France would support Romania's independent position vis-à-vis Germany. The King left both capitals disappointed, without any concrete results. Carol II was received cordially but the economic and military issues he raised did not impress politicians in either London or Paris. The illusion of peace created at Versailles had not yet been fully dispelled. It was too fresh for people to think about the costs of a new war¹⁷.

The situation was particularly critical in London. The Prime Minister, Chamberlain, was not sympathetic to British

¹⁷ Grigore Gafencu, *Last Days of Europe*, p. 23.

purchases of Romanian oil and grain that would enable Romania to procure British military equipment. He did not, therefore, hint that Britain would want to stop German economic dominance in south-eastern Europe. Romanian Foreign Minister Petrescu-Comnen was with King Carol II in London and had a discussion with Lord Halifax, the Principal Secretary of State for Foreign Affairs, and the economist Leith-Ross, during which he was made clear that Britain was not prepared to cooperate with Romania economically, on the grounds that it could not impose a particular direction on economic life, as in countries under totalitarian rule¹⁸.

Italian sources revealed that the UK refused to get economically involved in Romania also because the sole purpose of relations between the two countries would have been of uncertain value and dubious feasibility, namely the hope of stopping German economic penetration in Romania¹⁹. Nothing significant had materialised in Paris either. The French-Romanian economic negotiations were in decline. The only result was the decision to send a French economic delegation to Bucharest²⁰.

The poor results in London and Paris led to Carol II's meeting with Hitler on 24 November at Berghof²¹. Carol II intended to receive the promise of German support against Soviet and Hungarian revisionist actions. But the discussion was not enthusiastic this time either. Hitler spoke little about the Soviet Union and said that a possible Romanian-Hungarian conflict

¹⁸ Raoul Bossy, *Amintiri din viața diplomatică*, vol. II, Bucharest: Humanitas, 1993, p. 96.

¹⁹ DDI, serie VIII, vol. X, doc. 449, p. 479.

²⁰ DDI, serie VIII, vol. X, doc. 410, p. 442.

²¹ Keith Hitchins, *România. 1866-1947*, Bucharest: Humanitas, 2013, p. 511.

would not be in Germany's interest, so he would not intervene on Romania's behalf.

France and Britain were not keen to get involved in South-Eastern Europe and German influence in the territory was growing. Faced with German pressure to avoid involvement in any political and economic structure that would be hostile to it, Romania could not cope. Moreover, in an attempt to find a potential collaborating or protective force, Romanian officials pointed out from the outset that whatever the situation, relations with Germany could not be restricted, since the Romanians wanted and were forced to live together in friendship with Germany²².

Therefore, in order to guarantee the country's security, foreign policy was also oriented towards Italy, Germany's ally and at the same time in competition with it for influence in the Balkans. All the disappointing meetings in Western Europe that Carol II had in November 1938 led to the strengthening of Italian-Romanian relations.

The evolution of Romania's relations with the Great Powers of Western Europe was closely followed by Italy. In fact, the news of the failure of all these relations was greeted with enthusiasm in the Peninsula. King Carol II did not even receive financial aid from Britain for the naval base in Constanta or the promised ships, which led to Romania's reorientation towards Italy. The French economic delegation returned to France with no results. Instead, after Riccardi's visit to Bucharest, an Italian delegation was sent to the same city, led by Senator Giannini, Director General of the Affari Commerciali of the Ministero degli Esteri for economic negotiations.

This being the case, since the end of November, the Italians had been expecting to conclude a trade agreement with

²² Raoul Bossy, *op. cit.*, p. 96.

Romania as soon as possible. The Italian minister in Bucharest, Ugo Sola, said that the situation was all the more favourable for Italy, as there were expectations that Romania would be able to supply it with 4 or 5 million quintals of grain with full payment in clearing²³.

In order to understand the situation of Italian-Romanian relations during the new economic negotiations, the discussion between Sola and Comnen on 30 November 1938 is suggestive, during which the Romanian Minister of Foreign Affairs declared, as the Italian diplomat notes, that there was a need for: *l'Italia venga ad occupare in questo Paese (România) una posizione che, senza essere in contrasto, possa comunque bilanciare posizioni tedesche*²⁴.

The Italian minister even displayed a particular enthusiasm that both Comnen and King Carol II suddenly had for visiting Italy. Moreover, Carol II's interest in Italy at that time was not accidental. After unsuccessful visits to London and Paris, the Romanian king had to stop off in Berchtesgaden to meet Hitler, but he did not leave there satisfied either, as he received no guarantees that Germany would side with Romania in a conflict with Hungary. Furthermore, Carol II's relationship with Adolf Hitler worsened after the leader of the Iron Guard, Corneliu Zelea Codreanu, was assassinated on 30 November 1938 on the orders of the Romanian monarch. So Romania's alignment with the Axis was inevitable but Romanian politicians thought it was appropriate to do it *dalla porta di Roma*. For a start, one way of demonstrating the desire for rapprochement with Rome was the goodwill shown during the economic negotiations.

²³ DDI, serie VIII, vol. X, doc. 473, p. 503.

²⁴ DDI, serie VIII, vol. X, doc. 482, p. 514-515.

1.2. The Economic Agreements signed in Bucharest on 3 December 1938

In continuation of what has been exposed so far there were signed new Economic Agreements between Italy and Romania, in Bucharest, on 3 December 1938. An interesting fact is that the agreements were signed in Bucharest, and not in Rome.

The agreements were the result of economic negotiations led by the Romanian Government and the Italian delegation headed by Senator Giannini. The following were signed in French: a Commercial Agreement, an Additional Protocol to the Treaty of Commerce and Navigation signed in Rome on 5 January 1934, a Protocol on the functioning of an Italian-Romanian Joint Commission, a Convention for the purchase of Romanian wheat, a Payments Agreement between the two countries²⁵.

The agreements entered into force on 1 January 1939 and were valid until 31 December 1939. The tables below show the main quotas provided for in the Trade Agreement for both Italian and Romanian products²⁶:

Table 1. Italian products for Romania

Product	Value in Lei
Fish in brine and canned fish	10.000.000
Rice	40.000.000

²⁵ *Trattati e Convenzioni fra il Regno d'Italia e gli altri stati*, vol. LIII, Rome: Tipografia del Ministero degli Affari Esteri, 1940, p. 436.

²⁶ *Ibidem*, p. 438-444.