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SECURITY INFORMATION
CENTRAL INTELLIGENCE AGENCY

REPORT

INTELLECTUAL

INFORMATION REPORT

CD NO. 50X1-HUM
50X1-HUM

COUNTRY Yugoslavia
SUBJECT Economic Information

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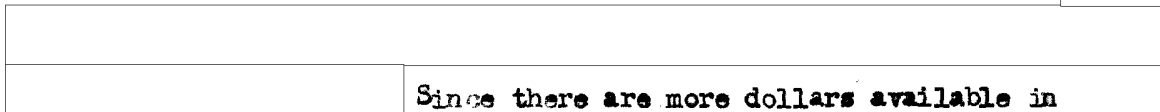
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Since there are more dollars available in
Montenegro than in ^{any of} the other Yugoslav Republics, the rate of exchange
is consequently lower.

Pound Sterling • The official rate of exchange is 140 dinars.

Not available on the open market.

Marengo • Not quoted officially. The rate of exchange on the open
market is from 6,000 to 7,000 dinars.



Salaries and Wages

Recently a new law was passed by Parliament providing for
higher salaries and wages. As soon as ~~this~~ this law goes into effect,
(the date has not been set yet), railroad fares will also go up about
300 percent.

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II. INDUSTRIES

BELGRADE (?)

RAKOVICA Engine Plant

This plant manufactures truck engines and repairs and overhauls airplane engines. Since 1950 it has been turning out agricultural tractors under the patent of the ANSALDO.

After the engines have been manufactured, they are sent over to the TAM (a truck plant in MARIBOR) where they are mounted on the trucks turned out by this plant. The 5-Year Plan called for the construction of 5,000 engines and 5,000 trucks on the part of the TAM. So far, however, (that is, for the entire year 1950) only about 600 completed trucks have been turned out (?).

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[redacted] the RAKOVICA engine plant,

the cost of a complete truck is somewhere around 2 million dinars.

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ZENICA STEEL MILL

ZENICA

At present this steel mill is being expanded and new installations are being set up. A blast furnace is almost finished, and it is reported that the mill can also turn out coke.

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About 10,000 persons are employed in the mill, for the regular work of the mill and also for the work of expansion. There is a large force of political and common prisoners employed, although the latter group is used exclusively for construction work.

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[redacted] TITOVI ZAVODI Plant (Tito Arsenal)

SARAJEVO
[redacted]

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— This plant manufactures artillery shells which do not exceed 75 millimeters in caliber. No other information available.

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[redacted] Industrial Plants Under Construction

SARAJEVO
[redacted]

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An explosives factory is being constructed on the River DRINA near Sarajevo Foca. It is not known how far the work has progressed.

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[redacted] In 1950 construction began on an arms factory in BANJA LUKA. This is only hearsay.

BANJA LUKA
[redacted]

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PROJECTS FOR NEW INDUSTRIAL PLANTS

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[redacted] It is being planned to construct a large

NIKSIC
[redacted]

50X1-HUM

iron and steel mill in NIKSIC, which will be equipped with a [redacted] furnace of undetermined capacity, rolling mills, and other installations.

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The preliminary work will start in the summer of 1951 (leveling the ground, measurements , etc.) This plant will rise in a rugged and isolated region, far from the sources of supplies, and its construction is not based on economic reasons but simply on political considerations. The Federal Government has decided to construct this plant here at the insistence of the Montenegro Republican Government which wanted some industries in their territory which up to the present has none.

The raw materials which will be used by this mill will come from mines located at great distances and must follow a rather long and tortuous route.

Coal will come from:

ZENICA [redacted] and

LUKOVAC [redacted]

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The iron ore will be supplied by the mine of

VARES [redacted]

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This material will be carried by railroad which at first will
 make use of the standard gauge line from SAMAC to SARAJEVO [redacted] 50X1-HUM
 [redacted]. From SARAJEVO TO NIKSIC, the 50X1-HUM
 supplies will utilize the narrow-gauge railroad SARAJEVO-RAGUSA
 [redacted], branching off at HUM [redacted] 50X1-HUM
 following the route TREBJNIE [redacted], NIKSIC.
 [redacted] at Sarajevo the material must be unloaded
 from the standard-gauge railroad cars into the freight cars of 50X1-HUM
 the narrow-gauge line, with consequent loss of time, ~~extra~~ labor,
 etc. All this of course will have a bearing on the cost of production.
 [redacted] the MLADENOVAC
 Tank Factory [redacted] was to be transferred to 50X1-HUM
 NIKSIC. It is very likely that the buildings being constructed in
 NIKSIC will house this factory, which perhaps is being moved ^{from MLADENOVAC}
 because it did not have all ~~the equipment needed for~~ a tank factory.
 Thus an iron and steel mill will serve the tank factory very nicely.)

INDUSTRIAL INSTALLATIONS TAKEN TO GERMANY DURING THE WAR
RETURNED TO YUGOSLAVIA

[redacted] During the prewar era, that is in 1939, KONJIC 50X1-HUM
 [redacted] JLIJAS [redacted] 50X1-HUM
 the firm of YUGOSLAVENSKI CELIK (Yugoslav Steel)
 had its main offices in Belgrade and its plants were
 as follows:
 a metallurgical plant located in ZENICA [redacted] 50X1-HUM
 a foundry located in VARES [redacted]
 an iron mine located near VARES
 2 coal mines, one located in ZENICA and the other in BREZA [redacted] 50X1-HUM
 [redacted].
 In 1939, this company had purchased from Germany the complete 50X1-HUM
 installations for a foundry and for a forge. The order amounted to

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200 million dinara (prewar prices) and the first parts began to arrive in Yugoslavia between the end of 1940 and the early part of 1941. The machines, as they kept arriving, were being sent to ILIJAS where they were installed in an old factory by German technicians sent down by the seller.

When the Germans occupied Yugoslavia, the entire mill was dismantled and all the machinery was sent back to Germany; however, the German Government did pay to the government of Ante Pavelic the entire sum which Yugoslavia had paid for the machinery. During 1949 and 1950, all the machinery was returned to the plant from which it had been taken originally. However, at [redacted]

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[redacted] September 1951, all the machinery was lying in the open next to the factory. This was due to the fact that Germany had failed to send specialized technicians to install ^{it} ~~them~~ and the Yugoslavs themselves were unable to cope with the situation.

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Foundry

ZENICA
VARES

[redacted]

there is a [redacted]

50X1-HUM

foundry with two blast furnaces in Zenica Vares. In view of the lack of coal, which Yugoslavia is in no position to buy because of the scarcity of dollars, only one of these blast furnaces is in operation.

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It is rumored that the Western Powers will supply Yugoslavia with a certain amount of coal, but it is not known whether it will be sufficient to operate both blast furnaces. [redacted]

[redacted]

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MINING INDUSTRY

Mines

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Copper Mine

MILAINOVAC
BOR



This mine was opened at the time of the Austro-Hungarian Empire [redacted] 50X1-HUM

Before the war, its production amounted to about 40,000 tons annually and during the war it went even higher. At present, however, it is believed that the production does not reach the prewar figures.

Next to the mine there is a plant for electrolysis and for refining; the electric power is furnished by the still incomplete thermal power plant of KOSTOLAC [redacted] (SEE BELOW, UNDER "MOTIVE POWER") 50X1-HUM

About 5,000 persons are employed in the mine and in the plant.

ADDITIONAL MINES IN OPERATION [redacted]

50X1-HUM

COAL: ZENICA

LUKOVAC

BREZA

IRON: VARES

ZINC) TREPCA

and)

LEAD)

(21° 5' 42° 50')

BERYLLIUM In the NIS region [redacted] It is reported that this mine was opened up recently. 50X1-HUM

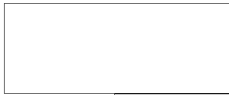
BARITE : Several mines in BOSNIA, whose exact location is not known

FERROSILICON: JAJCE [redacted] 50X1-HUM

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Uranium Mines (?)

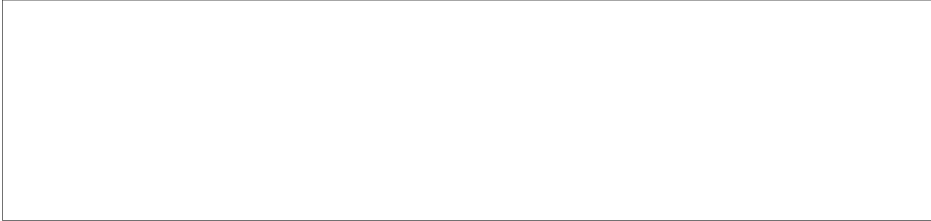
NOVI PAZAR
KOPAONIK MTS.

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uranium mines

are being exploited in the region of the KOPAONIK Mountains.



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ELECTRICITY
III- MOTIVE POWER

POWER PLANTS UNDER CONSTRUCTION



A thermal power plant is under

POZAREVAC
KOSTOLAC


50X1-HUM

construction in Pozarevac Kostolac. Work on this



50X1-HUM

plant had begun before the war, then ^{it was} interrupted, and finally it was resumed sometime in the postwar period.


The power plant, which is already in partial operation, will have a capacity of 36,000 KW when completed. At present it is supplying power to the electrolysis and refinery plant attached to the copper mine of BCR  (also see under Mining Industry), and upon completion it will supply power to the surrounding area as well as to the capital.

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NOTE:



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 This is a thermal power plant and not a thermal-electric and hydroelectric plant.



An hydroelectric power plant is under

PROZOR
JABLANICA

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construction on the river NARENITA ; it will develop



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100,000 KW.

Work began around 1948-1949 and at the present time the job is one-third completed. The work has been slowed down by the following factors:

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Incompetence of the engineers in charge of the project.
Continuous changes being made ⁱⁿ the plans.
Lack of necessary studies before undertaking the actual work on any phase of the project.
Frequent damages caused by the river Narenta which often overflows its banks and by flooding brought about by heavy rains.



Another hydroelectric power plant is under construction on the river DRINA. Its contemplated power will be 80,000 KW.

ZVORNIK



50X1-HUM
50X1-HUM

Work began on this project at the same time that the JABLANICA plant was started and is proceeding with the same rhythm. The turbulence of the waters of this river also cause a great deal of damage.

IV. FINANCE

1. Money in Circulation



At present it is estimated that there are about 70 billion dinars in circulation, but according to official information the circulation of paper money will decrease about 6-8 billions during the current fiscal year leveling off around 62 billions.

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2. Rate of Exchange



Dollar. Official exchange : 50 dinars
on the open market: from 600 to 800 dinars in Belgrade and most of Serbia; from 300 to 500 dinars in Montenegro.

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