

April 6, 1945

**Record of Conversation Between V. M. Molotov and
Minister of Foreign Affairs of Yugoslavia I. Ivan
Šubašić**

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Summary:

Molotov and Ivan Šubašić discuss Yugoslavia's economic cooperation with the Allied Powers and its territorial problems.

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Record of V. M. Molotov's Conversation with Minister of Foreign Affairs of Yugoslavia I. Shubashich About the Perspectives of Yugoslavia's Economic Cooperation with the Allied Powers and About Its Territorial Problems.

Moscow

April 6, 1945

SECRET

On April 6, at 5:00 p.m. comrade Molotov received Yugoslavian Minister of Foreign Affairs Shubashich. In the very beginning of the conversation, Shubashich noted that Yugoslavia continued to remain in a difficult economic situation.

Comrade Molotov said that when all the Yugoslavian territory is liberated, the economic situation in Yugoslavia would be better. There still would be considerable difficulties, but the biggest difficulties already belonged to the past. The economic life of Yugoslavia was not settled yet, but according to all the indicators, it was being revitalized.

Comrade Molotov asked Shubashich whether the united Yugoslavian Government was working in accord.

Shubashich responded that the united Yugoslavian Government was working in accord; each member of the government could freely express their opinion. Shubashich himself is quite satisfied with the situation in the government, and all the other members of the government share the same opinion. According to Shubashich, the atmosphere in the Yugoslavian government is improving every day -- nonetheless Shubashich noted that some old politicians, especially those from the emigres, sometimes still did not understand that the life was not stagnant, that it was developing and improving.

Comrade Molotov noted that many new elements were emerging now in the life of all the people, and that we needed to find a basis for an agreement for cooperative work in these new conditions.

Comrade Molotov asked whether the Yugoslavian government received the Soviet government's consent to appoint Vladimir Popovich as the Yugoslavian Ambassador to Moscow.

Shubashich confirmed that the Yugoslavian government had received the agreement for Popovich.

To Shubashich's question, whether the Soviet government received the Yugoslavian draft of the treaty of Friendship, Mutual Assistance and Postwar Cooperation between the USSR and Yugoslavia, comrade Molotov responded that the Yugoslavian draft of the treaty had been received, that it did not substantively differ from our draft, and that subsequently it followed that Yugoslavia wanted the same things as did the Soviet Union and, therefore, it would be easy for them to agree on issues.

Shubashich asked whether comrade Molotov believed that it was necessary to define the timetable of the agreement

Comrade Molotov said that it would be better to define such a timetable and, citing the experience of similar treaties that the Soviet Union signed with Great Britain and Czechoslovakia, he recommended to establish the duration of the treaty for 20 years.

Shubashich asked comrade Molotov, how many Yugoslavian representatives, in his opinion, -- one or two -- should sign the treaty. At the same time, Shubashich added that if they consider it necessary that the treaty was signed by two representatives of Yugoslavia, in that case, most probably, it would be signed by marshal Tito and Shubashich, but if they would need just one signature, then he would propose that the treaty should be signed by marshal Tito.

Comrade Molotov said that the Yugoslavian government should decide on its own, whether it wants one or two Yugoslavian representatives to sign the treaty and who exactly those should be.

To comrade Molotov's question, whether the Yugoslavian government discussed the draft treaty, Shubashich responded that the government was aware of this draft. Shubashich said that the Yugoslavian government intended to begin economic negotiations with the Soviet Union and to sign a comparable economic treaty, and asked who the Minister of Commerce and Supplies Petrovich, who arrived as a member of the Yugoslavian delegation, should see to discuss this issue.

Comrade Molotov recommended that Minister Petrovich should meet with People's Commissar for Foreign Trade Mikoyan.

Shubashich asked to take into account that he was trying to go to the conference in San Francisco and, therefore, he planned to leave Moscow on April 10th or 11th. He would like if Petrovich could meet with Mikoyan before his departure, because it is very important for Shubashich to know the approximate volume of exchanges between the Soviet Union and Yugoslavia. He believes that the Americans would pose a question of economic relations between the USA and Yugoslavia. He does not want to make any unwarranted mistakes and, therefore, he would like to know even approximately the character and the volume of trade contracts between Yugoslavia and the Soviet Union.

Shubashich informed the audience that the Yugoslavian economists were going to America, and they would discuss the volume of lend-lease deliveries for Yugoslavia in particular. Deliveries of UNRRA on which they concluded a treaty between Yugoslavia and representatives of that organization are important, but the lend-lease is more important.

Comrade Molotov noted that the lend-lease covered mostly military materials.

Shubashich said that Yugoslavia still would like to receive some industrial equipment under the terms of lend-lease.

In connection with the statement regarding possible economic contacts between Yugoslavia and the USA, Shubashich stated that the Americans had very big appetites in regards to Yugoslavia.

Comrade Molotov only said -- unlimited.

In connection to comrade Molotov's question, whether Yugoslavia intended to pose the same economic questions that Hebrang had posed before the Soviet government, Shubashich confirmed that they would raise the same issues.

Shubashich stated that the Yugoslavian government would like to use the assistance of Soviet specialists in exploration and exploitation of the ore and oil reserves of Yugoslavia. According to the most recent data, said Shubashich, Yugoslavia possesses considerable resources of oil that are located between rivers Sava and

Drava. The Germans made a significant contribution in terms of discovery of the oil resources. They even began to extract oil in small quantities in the Yugoslavian territory. As Shubashich said, the Yugoslavian government would not want to allow foreigners to engage in exploration and exploitation of the natural riches of Yugoslavia. The British and the Americans, for example, know about the oil reserves in Yugoslavia, but they do not know all the information. In the past, before the war, the British and the Americans who were interested in the development of oil extraction and oil processing industries in Ploeshti, used their influence over the government in order to prevent exploration and exploitation of oil producing areas of Yugoslavia. In 1939, when the Yugoslavian government concluded a treaty with one of the German firms for oil and ore extraction in Yugoslavia, the American ambassador appealed to Shubashich specifically, proposing that he prevent the implementation of that agreement. Because the government that signed that agreement resigned on the next day after that (on August 25, 1939), Shubashich, using his right of the Croatian Ban, protested to Regent Pavel against the contract with the German firm, but, of course, he did that not because of the wishes of the British and the Americans, but out of his own beliefs.

Comrade Molotov asked how were the relations between the Yugoslavian government and the British and the Americans developing.

Shubashich responded that relations with the British and the Americans were developing very well, and that he personally is trying to do everything possible in order to keep these relations good for the future.

Shubashich expressed a concern that the British and the Americans could be dissatisfied by the Yugoslavian government, because it did not inform them about the goals of their trip to Moscow. Shubashich informed the British and the Americans that he was going to Moscow, but he presented it in such a way that marshal Tito was going to visit marshal Stalin, and that Shubashich accompanied him. Shubashich did not mention about signing of a treaty between the USSR and Yugoslavia in his conversation with representatives of Great Britain and the United States.

Comrade Molotov noted that now we could tell the British and the Americans about it, because it was no longer a secret.

Shubashich asked, whether he could speak with comrade Molotov about correcting the Yugoslavian borders.

Comrade Molotov responded affirmatively, but noted that they could not resolve this issue; however, of course, they could discuss it, and asked Shubashich to present the Yugoslavian claims.

Shubashich said that the Yugoslavian claims were limited to Istria, bordering with Yugoslavia regions of Austria and Hungary. In this connection Shubashich informed Molotov that Churchill spoke about the Yugoslavian territorial claims very vaguely and recommended not to mention Austria in the Yugoslavian memorandum. According to Shubashich, the Vatican is engaged in a campaign against the transfer of Istria to Yugoslavia, creating various projects, like the project of establishing an independent state of Istria, which, according to the Vatican ideas, would project its influence among the Catholics of Slovenia. Shubashich believes that if during the present war the Yugoslavian troops occupy Istria, in that case it would be easier for Yugoslavia to resolve the issue of correcting its borders with Italy. Anticipating all kinds of objections and arguments, Shubashich gave a task to Yugoslavian professors to develop the strictest and most objective argumentation of the Yugoslavian territorial claims.

Comrade Molotov noted that it would be difficult to persuade everybody by an objective argumentation.

Shubashich stressed that the Yugoslavian government had in mind that the Yugoslavian borders should be corrected under strict adherence to the national and ethnic-graphic principles.

Shubashich promised to send comrade Molotov a memorandum with detailed characteristics of the Yugoslavian territorial claims and a geographical map.

Comrade Molotov asked, why the question of forming the united Yugoslavian government had been discussed in London for such a long time.

Shubashich told a rather detailed story of his conversations with the British and King Peter. The discussions were prolonged already because Eden, and especially Churchill, did not receive him for a very long time, and negotiated only with the King. In one of the conversations Eden even expressed the idea that if the King did not approve the agreement between Tito and Shubashich, then the latter would have to resign, against which Shubashich argued stating that he would do as he finds most expedient, and that under the existing situation it was very unlikely that he would resign, and that in any case, in Yugoslavia, they would not have anything similar to what had happened in Greece or in Poland, because of the King. The King used all means to persuade

Shubashich to resign, citing his prerogatives. Shubashich clearly stated to the King that he would stay with him if the latter stays with the people, and that he would leave him otherwise. In the end, it was decided that the King, desiring to maintain his prestige, accepted Shubashich's resignation and instructed him to form a new cabinet in the same decree.

Comrade Molotov asked what was the decisive point in this issue.

Shubashich responded that this issue was resolved by the Yalta conference and by comrade Molotov's telegram. If not for that telegram, the British would undoubtedly drag the negotiations on and on.

Shubashich asked whether marshal Tito could pay a visit to Mrs. Churchill, who was in Moscow.

Comrade Molotov responded with a question - why not?

To comrade Molotov's question whether the Yugoslavian delegation had a schedule of their stay in Moscow, a list of what questions it plans to raise before the Soviet government, Shubashich responded that, first of all, they intended to sign a Treaty of Friendship, Mutual Assistance and Post-War Cooperation, then to sign an Economic Agreement, to talk about the correction of the Yugoslavian borders, to discuss several foreign policy and internal political questions, and to get information about the forthcoming conference in San-Francisco.

Comrade Molotov promised to share the materials regarding the conference in San Francisco, which the Soviet government had with Shubashich.

Shubashich asked for comrade Molotov's consent to meet with him specifically in order to discuss the draft of the treaty, and asked him to set up an appointment for that meeting.

Comrade Molotov gave his consent and said that such a meeting could be held on April 7.

The conversation lasted an hour and a half.

The conversation was recorded by LA VRISHCHEV.