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Serbia in the Economic Strategy of the Russian Empire in Late XIX – Early XX Century

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Abstract: The author identifies the role of the economic factor as an integral part of the broad Russian-Austrian rivalry in the Balkans, as well as its role in the implementation of the global political strategy of St. Petersburg ruling circles. The source base is the materials from the Archive of Foreign Policy of the Russian Empire. The article analyzes the plans of the Russian Empire for economic penetration into the Serbian markets in the late XIX – early XX century, as part of the global political strategy of St. Petersburg ruling circles to strengthen their influence in the region. Particular attention is paid to the activities of the Russian Danube Shipping Company, since its development at the end of the XIX – beginning of the XX century allowed the Russian Empire to gain a foothold in the oil markets not only of the Balkan countries, but also of Austria-Hungary and Germany. Its strategic role increased significantly after the coup of 1903, when big Russian capital began to penetrate into Serbia; it was connected with Belgrade's interest in military supplies from the Russian Empire. The author comes to the conclusions that Russian diplomacy did not always correctly use its capabilities to strengthen its influence in the country. The Russian Empire products failed to gain absolute dominance on the Serbian market. However, obtaining a monopoly on the sale of kerosene in Serbia, despite the general unprofitability of the Russian Danube Shipping Company, provided St. Petersburg with important strategic presence in the Balkan region, being a serious argument in the political confrontation with the Austro-Hungarian Empire, which was especially evident during the First World War.

Keywords: Russian-Serbian relations, Black Sea-Danube Shipping Company, Milan Obrenovic, M.A. Poggio, N. Pasic, foreign trade of the Russian Empire

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Сербия в экономической стратегии Российской империи в конце XIX – начале XX в.

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Аннотация: Определяется роль экономического фактора как составной части широкого российско-австрийского соперничества на Балканах, а также его роли в реализации глобальной политической стратегии петербургских правящих кругов. Источниковая база основана на материалах Архива внешней политики Российской империи. В статье анализируются планы Российской империи по экономическому проникновению на рынки Сербии в конце XIX – начале XX в. как часть гло-

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бальной политической стратегии петербургских правящих кругов по укреплению своего влияния в регионе. Особое место в статье уделено деятельности русского дунайского пароходства, поскольку его развитие конце XIX – начале XX в. позволяло Российской империи закрепиться на нефтяных рынках не только балканских стран, но и Австро-Венгрии и Германии. Его стратегическая роль существенно возросла после переворота 1903 года, когда в Сербию стал проникать крупный русский капитал, связанный с заинтересованностью Белграда в военных поставках из Российской империи. Автор приходит к выводу, что российская дипломатия не всегда правильно использовала свои возможности для укрепления своего влияния в стране. Товарам из Российской империи так и не удалось получить абсолютного преобладания на сербском рынке. Однако получение монополии на продаже в Сербии керосина, несмотря на общую убыточность деятельности русского дунайского пароходства, обеспечила Петербургу важное стратегическое присутствие в балканском регионе, явившись серьезным аргументом в политическом противостоянии с Австро-Венгерской империей, что особенно проявилось в годы Первой мировой войны.

Ключевые слова: российско-сербские отношения, Черноморско-Дунайское пароходство, Милан Обренович, М.А. Поджио, Н. Пашич, внешняя торговля Российской империи

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Introduction

Relevance. In the context of modern geopolitical realities, the study of the history of Russian-Serbian economic relations has acquired a special meaning since Serbia has remained virtually the only European country that did not accede to the unprecedented anti-Russian sanctions since 2022.

Elaboration of the problem. The research of Russian-Serbian relations is an integral part of the broad rivalry of the great powers for political influence in the Balkans, the analysis of the strategic interests of the Russian Empire in the region, as well as the general reasons for the transformation of the Balkans into the “powder keg of Europe”, and it is subject of serious study by both Russian and foreign researchers¹. However, the exploring of the importance of the economic factor and its role in the implementation of the global political strategy of St. Petersburg ruling circles in this region has not yet received adequate coverage in Russian historiography, which opens up for researchers a new layer of Russian-Serbian relations in early XX century, which still requires further detailed analysis².

¹ V ‘*porokhovom pogrebe Evropy*’. 1878–1914 gg. [In the ‘powder keg of Europe’. 1878–1914] (Moscow: Indrik Publ., 2003); K.B. Vinogradov, *Bosniyskii krizis 1908–1909 gg. Prolog Pervoi Mirovoi voiny* [Bosnian crisis 1908–1909. Prologue of the First World War] (Leningrad: Leningrad University Publ., 1964); Ya.V. Vishnyakov, *Voennyi faktor i gosudarstvennoe razvitiie Serbii nachala XX veka* [Military factors and state development of Serbia at the beginning of the XX century] (Moscow: MGIMO Publ., 2016); S.I. Danchenko, *Razvitiie serbskoi gosudarstvennosti i Rossii. 1878–1903* [Development of Serbian statehood and Russia. 1878–1903] (Moscow: [N.s.], 1996); Y.A. Pisarev, *Velikie derzhavy i Balkany nakanune Pervoi mirovoi voiny* [Great powers and the Balkans on the eve of the First World War] (Moscow: Nauka Publ., 1985); Y.A. Pisarev, *Tainy Pervoi Mirovoi voiny. Rossiia i Serbiia v 1914–1915 gg.* [Secrets of the First World War. Russia and Serbia in 1914–1915] (Moscow: Nauka Publ., 1990); A.L. Shemyakin, *Ideologiya Nikoly Pashicha. Formirovanie i evolyutsiya (1868–1891)* [The ideology of Nikola Pasic. Formation and evolution (1868–1891)] (Moscow: Indrik Publ., 1998); M.Vojvodih, *Srbija u mejunardnim odnosima krajem XIX i pochetkom XX veka* [Serbia in international relations at the end of the 19th and the beginning of the 20th century] (Belgrad: Srpska akademija nauka i umetnosti Publ., 1988); A. Mitrovih, *Srbija u prvom svetskom ratu* [Serbia in the First World War] (Belgrad: Stubovi kulture Publ., 2004); B. Jelavich, *A century of Russian foreign policy 1814–1914* (Philadelphia: Lippincott, 1964); B. Jelavich, *The Habsburgs empire in European affairs, 1814–1918* (Chicago: McNally, 1969).

² Yu.M. Galkina, “Russian Danube Steamship Company as a Tool of Foreign Policy of the Russian Empire in 1903–1913,” *Imagines mundi*, no. 9 (2016): 84–93.

The purpose of the study is to determine the role of the economic factor in the history of Russian-Serbian relations in late XIX – early XX century, which became one of the important counterbalances to Austrian policy in the struggle for influence not only in Serbia, but throughout the Balkan region.

The source base of the study includes the materials stored in the “Slavic Fund” (F. 146) of the Foreign Policy Archive of the Russian Empire. The article is based on both reports of Russian diplomatic representatives in Belgrade and the documents relating to the activities of the Black Sea-Danube Shipping Company.

Danube shipping and the economic strategy of the Russian Empire

The Russian ruling circles began to pay serious attention to the development of the Danube shipping due to the increase in oil production in the Baku region by the “Branobel” or Nobel Brother’s Oil company, which led to an increase in the export of petroleum products (particularly kerosene) through the Black Sea port of Batumi. Thus, the plans for the development of Russian-Serbian economic relations, in addition to political considerations, were closely linked to the general issues of the economic strategy of the Russian Empire, since the development of freight traffic between Batumi, Odessa, Izmail and further up the Danube made it possible to gain a foothold on the oil markets of not only the Balkan countries, but also the Dual monarchy and Germany which were much more significant for Russia’s economy.

In 1881, the “Regulations on urgent goods and passenger steamship communication between Odessa and Izmail via Kilia and Reni” came into force, and Prince Yu.E. Gagarin-Sturdza (1846–1905) assumed the obligation to make these trips by one steamship, the “Olga,” which he owned. Attaching national importance to this matter, the Russian government considered it expedient to grant a subsidy to the shipping company in the amount of 58,270 rubles per year. Transformed in 1886 into the Joint Stock Company of the Black Sea-Danube Shipping Company, this enterprise functioned until September 1, 1903, when its shares were purchased by the treasury. In June 1887, in the Serbian waters of the Danube for the first time appeared the steamship “Falcon” and the shipping company’s plans included “continuing the trips by its steamships, currently sailing to Vidin, to Kladovo via Radujevac.” “The enthusiastic welcome given to our ship in Radujevac clearly demonstrates how much the Serbs are keen to establish strong trade relations with Russia,”³ noted M.A. Poggio, the 1st Secretary of the Russian Mission in Belgrade in a report specially made in 1884 for the Russian Ministry of Foreign Affairs on the import and export trade of Serbia. However, it was difficult for the newly established Russian shipping company to compete with Austrian companies, which had a significantly larger number of ships and a fairly developed infrastructure. M.A. Poggio stated:

Almost all steamships on the Danube and Sava are concentrated in the hands of Austrian companies. With the opening of the railway connection between Pest and Belgrade at the end of 1884, foreign space-saving goods will be delivered to Serbia much quicker, since from then on there will be no unnecessary overload on ships sailing along the Danube⁴.

³ *Arkhiv Vneshnei Politiki Rossiiskoi Imperii* [Foreign Policy Archive of Imperial Russia] (hereafter – AVP RI), f. 146, op. 495, d. 8897, l. 32.

⁴ *Ibid.*, l. 4.

In addition to this factor, the establishment of regular steamship communication between Odessa and Belgrade along the lower reaches of the Danube was hampered by the rapids at Orşova and the so-called Iron Gates, which allowed deep-draft ships to pass through them only during high water periods - in spring and autumn.

Russian-Serbian economic relations as an instrument of the Balkan policy of St. Petersburg

At the beginning of the 1880s there was virtually no trade turnover between Serbia and Russia. M.A. Poggio noted:

Russia has no trade with Serbia. From time to time in Serbia there appear Tatars from the southern provinces of Russia selling furs and small traders, mainly peasants of the Tula province successfully selling cheap pictures, as well as various small items in Bulgaria, Serbia and Bosnia⁵.

The words of the Russian diplomat are confirmed by demonstrable figures. Thus, for example, according to the data for 1884 and 1885, there was almost no export of goods from Serbia to Russia at all, and the import of Russian goods to the country amounted to only 493,362 francs in 1884 and 796,071 francs in 1885⁶. These exports were mostly salted fish and caviar brought along the Danube, “taken from Odessa and Kerch and delivered to Radujevac, Donji Milanovac, Smederevo and Belgrade.”⁷ Meanwhile, in 1884, Serbia imported to from Austria-Hungary products worth 32,283,853 francs, and in 1885 – 29,949,377 francs. In turn, during that period, agricultural products, primarily livestock, were exported from Serbia to the Dual monarchy in the amount of 32,858,431 francs in 1884 and 31,711,901 francs in 1885⁸. Thus, in the early and mid-1880s, 87% of all goods exported from Serbia were sent to Austria-Hungary or through it to other countries. The Ottoman Empire accounted for 14% of Serbian exports, and Romania – 2%. In turn, according to the observations of N.A. Obnorsky, the secretary of the Russian mission in Belgrade, by the beginning of the XX century, Austria-Hungary accounted for 61% of the total value of imports and almost 2/3 of the goods brought to the country⁹.

At the same time, in Serbia there was practically no processing of raw materials, which made Serbian exports almost completely dependent on the interests of the neighboring empire. M.A. Poggio wrote:

In Austria, cattle are charged 4 florins per head, and each pig is charged 1.5 florins. Herds of pigs are brought to Edenburg (Sopron – author’s note) and Steinbrück (in Hungary), where the main trade in these animals is concentrated; they are brought there not only from Serbia, but also from Bulgaria and Romania. In general, this trade is fraught with great risk for Serbian merchants, since they are dependent on various accidents: it happens that quite unexpectedly, for no apparent reason, Austria prohibits the import of pigs, or, as it often happens, after bringing pigs to Edenburg, a merchant does not find buyers and, having spent a lot of money on keeping his herd, he sells his pigs for next to nothing, just to get rid of them¹⁰.

⁵ AVP RI, f. 146, op. 495, d. 8897, l. 13.

⁶ Ibid., l. 18–19.

⁷ Ibid., l. 19.

⁸ Ibid., l. 18–19.

⁹ Ibid., d. 8912, l. 17; N. Popovich, “Trgovina između Srbije i Rusije (19 vek) [Trade between Serbia and Russia (19th century)],” in *Ruski dobrovoljci u Srbiji. Tematski zbornik radova* [Russian volunteers in Serbia. Thematic collection of papers] (Belgrad: Ruski nauchni institut Publ., 2022), 131–167.

¹⁰ AVP RI, f. 146, op. 495, d. 8897, l. 5.

Thus, Austria-Hungary acquired every opportunity for complete control over the Serbian economy, which not only made the country completely politically dependent on the interests of Vienna, but also complicated the process of its modernization¹¹. The country's financial sector was also under the control of the Dual monarchy, despite the fact that in 1884 in Serbia opened its first People's Bank with the authorized capital of 20 million francs¹². Vienna's means of exerting pressure on Belgrade was the prohibition of the import of Serbian agricultural products to its territory. The attempts by the Serbian government to redirect the export of pigs to Western Europe through the Greek port of Thessaloniki failed, both due to the lack of suitable carriages and the prices offered by France and Belgium, which did not cover the tariff rates for rail transportation.

The development of Russian-Serbian economic relations was hampered by the lack of a trade agreement. M.A. Poggio noted:

There is no special trade treaty concluded between Russia and Serbia. In trade relations with Serbia, one should be guided by the declaration concluded by the Imperial Minister Resident in Serbia with the Serbian government on June 14, 1880. This declaration stipulated that goods of Serbian origin or production that will be imported to Russia, as well as goods of Russian origin or production, which will be imported to Serbia, will enjoy the same rights as goods of the most favored nation with respect to import, export and transit duties, secondary export, brokerage, warehouses, local duties and customs formalities¹³.

However, despite the almost complete dependence of the Serbian consumer market on Austrian interests, European companies showed interest in the promising markets of the Balkan countries, sending their commercial agents to Serbia to study the needs of the population and to get the most accurate information possible about those Serbian trading houses “that deserve full confidence.”¹⁴ Thus, for example, in early XX century French capital began to penetrate the country, including the livestock. Russian diplomats noted with regret that:

our traders obviously neglect the Serbian market, which one cannot but regret in view of the activities shown by foreigners who are trying to capture the markets of the Balkan Peninsula¹⁵.

Meanwhile, the organization of Russian shipping on the Danube contributed to the appearance, albeit insignificant, of Russian goods in Serbia. In Serbian enlightened society, Russian tea began to come into fashion,¹⁶ imported both from Russia and from

¹¹ B.Z. Botasheva, and I.V. Kryuchkov, “Torgovye voyny Avstro-Vengrii i Serbii v kontse XIX – nachale XX veka i problema razvitiia serbskogo eksporta [Trade wars between Austria-Hungary and Serbia at the end of the XIX – early XX centuries and the problem of the development of Serbian exports],” *Bulletin of higher educational institutions. North Caucasus region*, no. 5 (2008): 83–88.

¹² D. Gnjatović, *Stari državni dugovi: prilog ekonomskoj i političkoj istoriji Srbije i Jugoslavije: 1862–1941* [Old State Debts: A Contribution to the Economic and Political History of Serbia and Yugoslavia: 1862–1941] (Beograd: Ekonomski institut Publ., 1991).

¹³ AVP RI, f. 146, op. 495, d. 8897, l. 27.

¹⁴ *Ibid.*, l. 21; A.A. Mikhaylova, “The Role of Foreign and National Factors in 19th Century Serbia’s Industrial Modernization,” *Izvestia. Ural Federal University Journal. Series 2. Humanities and Arts*, no. 1 (2014): 125–140.

¹⁵ AVP RI, f. 146, op. 495, d. 8897, l. 21.

¹⁶ The spread of tea in the “coffee” country was facilitated by Queen Natalia, a Russian citizen, the wife of King Milan. An invitation to tea became part of Belgrade's social etiquette. A chocolate cake which was first baked in the family of famous Serbian politician Jevrem Grujić is named in her honor.

the Vienna tea store “Vasily Perlov and sons.” Tea from the Moscow company “K. and S. Popovs” was also on sale. M.A. Poggio wrote in this regard as follows:

But in addition to this tea, customers are also offered tea of lower quality which costs 8 and 12 francs per pound, if I’m not mistaken, with a fake label of the Moscow company “K. and S. Popovs.” As it is known, the latter tea is sent to Serbia by the Hamburg company “Hirsch Brothers.” Serbian merchants willingly buy this tea, as they get a significant discount when purchasing it¹⁷.

The Russian diplomat emphasized that the importation of Russian goods was carried out by German, Austrian and Romanian trading houses, and as a result of which in Serbian customs reports, Russian goods were often indicated as goods of German, Austrian and Romanian origin. For example, samovars from Tula factories were delivered to Serbia from Berlin and therefore, in customs reports, these products were included in the heading: “import from Germany.”¹⁸ In turn, according to the data for 1891, the kingdom exported products (mostly plums) to Russia in the insignificant amount of 1,627 dinars¹⁹.

Energy factor of Russian policy

At the same time, the activities of the oil production partnership “Branobel”, thanks to the liquid transportation of raw materials revolutionary for that time, led to the reduction in the cost of kerosene, and it became an affordable product. By the mid-1880s expensive American kerosene was practically forced out of the country's market. Whereas before 1884 its import to Serbia from the USA exceeded 1 million francs, already in 1885 Russian kerosene gained a monopoly on the local market. In 1884, Serbia imported kerosene from Russia worth only 30 thousand francs, and in 1885 its export increased to 557,390 francs, whereas from America, Serbia imported kerosene worth 288,358 francs, and from Austria-Hungary – 85,167 francs. Already in 1887, 29,584 quintals of kerosene were imported to Serbia, of which Russia accounted for 22,259 quintals. M.A. Poggio noted:

The establishment of direct communication along the Danube will undoubtedly reduce the price of goods increasing their consumption. All 300 carriages with our kerosene were delivered from Trieste. For the entire year, there arrived only 20 carriages with American illuminating oil²⁰.

Moreover, the Russian diplomat noted:

Unfortunately, Russian kerosene is discredited by the extreme dishonesty of local traders, who dilute it with water and thereby raise unfair complaints about its shortcomings²¹.

Thus, the obvious importance of the development of Danube shipping led to the expansion of the activities of the Black Sea-Danube Shipping Company. From 1888, in addition to the existing lines Odessa – Izmail and Odessa – Svishtov, the company opened scheduled trips on three more routes – Svishtov – Kladovo, which connected Russian ports with the ports of Serbia and with the terminus of the Austrian railways at Orșova, the towing route Reni – Svishtov, along which Russian kerosene was transported to the

¹⁷ AVP RI, f. 146, op. 495, d. 8897, l. 23.

¹⁸ *Ibid.*, l. J. 20–21.

¹⁹ N. Popović, “Trgovina između Srbije,” 131–167.

²⁰ AVP RI, f. 146, op. 495, d. 8897, l. 59.

²¹ *Ibid.*

Danube countries and the Prut line – from Nemtsen to Reni intended for the export of grain from Bessarabia. For these purposes, the company had at its disposal 8 steamships and 11 barges (of which 4 were for liquid goods)²². However, things didn't work out. The company suffered significant losses, and while formally being private, it was actually supported by public money; in the period from 1887 to 1902 it received subsidies for 5 million rubles. The reasons for such a deplorable financial condition of the Company and the inability to compete with Austrian shipping companies which had a significant number of steamships and barges at their disposal were varied and, to some extent, they can serve as an illustration of the general systemic contradictions of the modernization of the Russian Empire in late XIX – early XX centuries. It should be noted that by the beginning of the XX century, the overall level of the development of the Russian commercial fleet remained quite low. The country did not have enough available funds that could be invested in the development of shipping. The increase in duties on ships imported from abroad in 1881 undertaken to encourage domestic shipbuilding did not help either. In addition, the relatively narrow market limited the demand for steamships built in Russia, which led to their rise in price²³.

The need to expand trade relations with Serbia was directly linked to the turbulent political life in Belgrade. Milan Obrenović's "New Deal" caused a deep systemic crisis in the country, which led the Serbian ruler to a final impasse. In January 1889 he was forced to abdicate in favor of his 12-year-old son Alexander and soon left the country. These events created the illusion among St. Petersburg circles that it was possible to restore their political influence in the country. Part of these plans was the expansion of economic cooperation, especially since in 1891 the Serbian Steamship Company was founded, which by the beginning of 1902 had 42 barges and 8 steamships²⁴ (and its best steamship was named "Nicholas II").

In addition to kerosene, products of the Russian textile industry flowed into Serbia, whose manufacturers were keenly interested in promising markets, which could compete with Austrian goods on the local market. Minister of Finance I.A. Vyshnegradsky wrote to Foreign Minister N.K. Girs in January 1892 that a trade agreement with Serbia could "facilitate the sale of Russian products to the markets of the kingdom," especially textiles "of simpler and rougher processing, with which our industry could successfully provide the markets of the said state, especially in view of convenience of their delivery through the Russian shipping company along the Danube." The Minister of Finance further summarized:

Regardless of these trade considerations, it cannot be denied that the conclusion of a treaty with Serbia would have great political significance²⁵.

²² Ya.V. Vishnyakov, " 'It smells of kerosene'. Danube shipping company and Russian policy in the Balkans at the end of the 19th – beginning of the 20th centuries," *Russiiskaia Istorii*, no. 3 (2023): 143–155; Yu.M. Galkina, "Russian Danube Steamship Company," 84–93.

²³ R.V. Kondratenko, *Morskaia politika Rossii 80-h godov XIX veka* [Maritime policy of Russia in the 80s of the XIX century] (St. Petersburg: LeKo Publ., 2006).

²⁴ AVP RI, f. 146, op. 495, d. 9031, l. 55.

²⁵ *Ibid.*, d. 8920, l. 13–14.; *Moskva – Serbiia, Belgrad – Rossiia. Sbornik dokumentov i materialov* [Moscow – Serbia, Belgrade – Russia. Collection of documents and materials]. (Moscow; Belgrade: [N.s.]), 136.

For this purpose, in May 1892, special representative V.I. Timiryazev arrived in Belgrade; he not only facilitated the arrival in the country of representatives of large Moscow manufactories (namely, G.I. Bylinkin and P.S. Zorin, the attorneys of the NIKolskaya manufactory partnership and the Baranov manufactory partnership), but also considered

it expedient to organize a small exhibition of samples of our manufactured products in Belgrade, as well as a meeting in the local trading society with Serbian merchants who expressed full readiness and desire to have trade relations with Russia²⁶.

In October 1893, an agreement on trade and shipping was signed in the Russian and Serbian languages. It was signed by A.I. Persiani, the envoy in Belgrade and Timiryazev who represented Russia, and Minister of Trade R. Milošević and Minister of Foreign Affairs A. Nikolić representing Serbia. In addition to it, a “Declaration regarding the establishment of direct communication between the Russian and Serbian shipping companies on the Danube” was signed, and an agent of the Danube Shipping Company was sent to the Serbian capital²⁷.

In April 1893, Alexander Obrenović declared himself an adult and took power into his own hands. In 1894, Milan Obrenović returned to Belgrade, which meant for St. Petersburg the collapse of hopes of restoring its influence in the country. Thus, the trade agreement concluded “without setting a period for it [while] allowing each of the contracting parties to express their desire to terminate the agreement 12 months in advance” and it remained one of the few factors in preserving Russia’s political influence in Serbia and destroying the Austrophilian basis of the Obrenović’s policy. In 1894, a kerosene contract was signed for a 5-year period, and in 1899 it was extended for another 10 years. In 1901, the Russian and Serbian shipping companies signed a preliminary cooperation agreement, which was approved by the governments of the two countries in April 1902. Trade turnover between Russia and Serbia increased significantly. As the envoy in Belgrade N.V. Charykov reported in April 1902, the gross revenue of the Serbian shipping company for 1901 amounted to 1,031,786 francs,

thanks to the purchase of another passenger steamer, the company was able to make flights to Radujevac twice a week from the beginning of the current navigation, as well as our company²⁸.

According to him, by the end of the navigation in 1901, Russian and Serbian ships transported as follows: fish – 122,809 kg, mineral oil – 42,684 kg, tea – 560 kg, manufactured goods – 407 kg, lubricating oils for guns – 6,321 kg, books – 228 kg, “and on top of that, by the last emergency flight” – two carriages of mineral oil and 14 boxes of tea. 2,800 kg of plums were sent down the Danube to Russia. As of March 1902, 50 thousand kg of sugar molasses and large shipments of meat products were sent down the Danube²⁹. Thus, the Russian-Serbian trade agreement, although opposed by Vienna, opened doors for Serbia to other European markets.

²⁶ AVP RI, f. 146, op. 495, d. 9018, l. 113; *Moskva – Serbiia, Belgrad – Rossiia*, 139.

²⁷ Ya.V. Vishnyakov, “Trade as a Policy Tool. Russian-Serbian Trade Agreement of 1893 and its Consequences,” *Slavic Studies*, no. 5 (2023): 5–19.

²⁸ AVP RI, f. 146, op. 495, d. 9029, l. 145.

²⁹ *Ibid.*, l. 140.

Russian-Serbian military-economic cooperation

On May 29, 1903, a military coup took place in Belgrade that overthrew the Obrenović dynasty, and the new Karađorđević dynasty, which came to power in the country, according to the historian A.L. Shemyakin, had bet on a strong connection between the “small Serbian raft and the mighty Russian ship.”³⁰ These events forced the Russian government to pay closer attention to the development of Danube shipping and to take into account the political significance of maintaining Russia’s presence on the Danube. The note on the establishment of the state-owned Russian-Danube shipping company said:

To achieve the desired results, the Government should make significant financial sacrifice, since, according to the competent departments and agents of the Ministry of Foreign Affairs abroad one can’t expect profits from the operations of the Russian shipping company on the Danube³¹.

The change in Serbia’s political course could not but affect relations with the neighboring empire. In 1904, Belgrade introduced a new customs tariff, and in 1905 it concluded a trade agreement with Bulgaria and Montenegro which was unfavorable for Austria-Hungary; in turn, it strengthened the prospects for their political integration, which was very dangerous for the interests of the Dual monarchy. In addition, the Serbian government refused to conclude an unprofitable contract for the supply of artillery pieces with the “Skoda” company. In response to these actions, Vienna blocked the import of Serbian livestock products to its territory. A customs war or “Pig War” began between the countries, which had a positive effect on the prospects for Russian-Serbian economic ties and, at the same time, also political cooperation. The Foreign Ministry stated that “Russia is making every effort to reduce this dependence.” N.A. Obnorsky, the Second Secretary of the Russian mission reported:

The picture of Serbia’s economic life during the period of rupture in customs relations with Austria-Hungary indicates the damage suffered by the monarchy in its policy - to force the small state to submit to the demands incompatible with the dignity of the country; it also shows which of the other states having contractual relations with the kingdom and to what extent they managed to take advantage of the above-mentioned circumstance and increase their trade turnover with Serbia due to the losses suffered by the empire³².

The Serbian government managed to find new markets for its products, primarily in Italy and Egypt. In addition, in 1906, the country's Skupshtina allocated 500 thousand francs for benefits to Serbian exporters to encourage the export of goods. This led to the fact that the export of Serbian grain increased from 17.8 million francs in 1905 to 22 million francs in 1906 and up to 27.8 million francs in 1907. N.A. Obnorsky emphasized that:

³⁰ A.L. Shemyakin, “Serbskaia natsionalnaia ideia v 1878–1903 gg. Vremia razocharovaniia i osmysleniia [Serbian national idea in 1878–1903 A time of disappointment and reflection],” in *Na putyakh k Yugoslavii: za i protiv. Ocherki istorii natsionalnykh ideologii iugoslavianskikh narodov. Konets XVIII – nachalo XX vv.* [On the road to Yugoslavia: pros and cons. Essays on the history of national ideologies of the Yugoslav peoples. The end of the XVIII – early XX centuries] (Moscow: Indrik Publ., 1997), 156–157.

³¹ AVP RI, f. 146, op. 495, d. 8395, l. 361.

³² Ibid., d. 8912, l. 24.

cattle are sent for further transportation by water to the Aegean Sea, passing through Bulgarian territory, and the government of Bulgaria provides significant assistance and facilitation to the Serbian export in this matter³³.

The Russian diplomat made quite an optimistic conclusion: “The Serbs can even put up with the complete loss of the Austrian market.”³⁴ But it was the Russian Empire that had the monopoly right to import kerosene to Serbia; Russia exported kerosene worth 591 thousand francs to Serbia in 1906 alone. In addition, in 1906, Russia exported mineral oil worth 704,748 francs and food products worth 467,983 francs.

In addition, due to the aggravation of the situation in the region – the events of the famous annexation crisis of 1908–1909 and the Balkan Wars of 1912–1913 that broke out, and Belgrade was also soon interested in military supplies from the Russian Empire. The ships of the Danube Shipping Company delivered military cargo to Serbia, including transit cargo, a route which its importance had grown significantly during the Balkan Wars of 1912–1913. Thus, for example, in November–December 1912, 4 Marconi radio-telegraph devices were delivered to Serbia from Great Britain via the Danube, as well as “four carriages of cars, vans and airplanes” purchased in Germany and France, under the guise of Russian government property³⁵. In January 1913, for the needs of the Serbian artillery, 2 thousand horses and about 100 thousand greatcoats were delivered from Russia to Serbia by barges of the Danube Shipping Company.

Another important Serbian-Russian project was the start of the construction on the eve of the Balkan wars of a railway in southeastern Serbia, connecting the city of Niš with the Danube pier of Prahovo. Its initiator and designer was engineer and journalist I.P. Taburno³⁶. Moreover, the construction of this railway should be considered within the context of the European project for building Danube-Adriatic railway line which had been discussed in 1909, and which had caused deep political disagreements between Russia, Germany, Austria-Hungary, Italy and Turkey, on the one hand, and Serbia and Montenegro, on the other hand. Due to deep disagreements, the railway was never built.

The outbreak of the First World War showed the importance of Russia’s economic presence in the Danube region. In order to supply the allied Serbian army with weapons, ammunition and food, the Special Danube Expedition was led by Captain 1st rank M.M. Veselkin; the needed cargo was delivered by ships and barges of the Danube Shipping Company³⁷. This route was open until the autumn of 1915, when Serbia unable

³³ AVP RI, f. 146, op. 495, d. 8912, l. 25–27.

³⁴ Ibid.

³⁵ Ibid.; Ibid., d. 8935, l. 11–22.

³⁶ N.S. Gusev, “Serby-emigranty v Rossii, zashchishchavshie interesy rodiny v gody Balkanskikh i Pervoi mirovoi voyn. Chetyre portreta: M.M. Bojovich, I.P. Taburno, D.I. Semiz, Ch.M. Ioksimovich [Serb emigrants in Russia who defended the interests of their homeland during the Balkan and First World Wars: four portraits: M.M. Bojovich, I.P. Taburno, D.I. Semiz, Ch.M. Ioksimovich],” in *Stoletie dvukh emigratsyi. 1919–2019* [Centenary of two emigrations. 1919–2019] (Moscow: Institute of Slavic Studies RAS Publ.; Belgrad: Informatika Publ., 2019), 27–46.

³⁷ Tyurikov, S.V. *Ekspeditsiya osobogo naznachenii na Dunae po okazaniiu pomoshchi Serbii v 1914–1915 gg.* [Special purpose expedition on the Danube to assist Serbia in 1914–1915] (St. Petersburg: Gallery Print Publ., 2015); A.Yu. Timofeev, and D.M. Kremich, *Rossia na Serbskom fronte Pervoi mirovoi voiny. Pomoshch armii i flota Rossii Korolevstvu Serbiya v 1914–1918 gg.* [Russia on the Serbian front of the First World War. Assistance to the Russian Army and Navy to the Kingdom of Serbia in 1914–1918] (Moscow: Veche Publ., 2014); Ya.V. Vishnyakov, A.Yu. Timofeev, and G. Miloradovich, *Na dalnikh rubezhakh. Rossiia i Serbiia v gody Pervoi Mirovoi voiny 1914–1917* [On distant frontiers. Russia and Serbia during the

to withstand the onslaught of Austro-German troops, and only after attack from the rear of the Bulgarian army, suffered a critical military defeat. After the end of the First World War, the lower Danube was de facto controlled by a third party as Romania occupied the Russian province of Bessarabia, putting an end to Russian Danube shipping for many years.

Conclusions

In late XIX – early XX century Russian diplomacy did not always correctly use the capabilities to strengthen its influence in Serbia. Goods from the Russian Empire never managed to gain absolute dominance on the Serbian market. However, having consolidated the Russian energy monopoly on the Serbian market and victory in the “kerosene war,” the situation provided St. Petersburg with an important strategic presence in the Balkan region, which became a serious argument in the political confrontation with the Austro-Hungarian Empire.

Hopefully, the study of the problem of the influence of economic factor on the formation of St. Petersburg’s foreign policy strategy in relation to the Eastern question can hopefully become the subject of further detailed study by both Russian and foreign historians.

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