

April 1956

Memo from K. Koval to the CPSU CC, on Soviet provision of postwar aid to the DPRK

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Summary:

Describes in detail the progress made as of January 1956 on the DPRK-USSR agreement that the USSR provide postwar aid from 1953 to 1957. Also lists free aid provided by China and other socialist states.

Credits:

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[CPSU CC stamp:
18025
2 May 1956
Subject to return to the
CPSU General Department]
Secret
[logo of the Main Directorate
of Economic Relations
with the People's Democracies]
[date left blank] April 1956 to the CPSU CC
to Cde. L. I. BREZHNEV

In accordance with your instructions I submit a memo concerning the main issues of the economic situation of the Democratic People's Republic of Korea and about the aid of the USSR, China, and other countries of people's democracy in the revival of the DPRK economy.

[signature]
K. Koval'

[handwritten:
to the archives
The material was used in connection with a trip by a CPSU delegation to the 3rd congress of the Korean Worker's Party.
I. Shcherbakov
23 July 1956
V. Gorbunov
25 July 1956
[illegible signature]

[...]

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Secret
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MEMO

about the progress of the performance of the obligations of the Soviet side per the 19 September 1953 Agreement between the Soviet Government and the Government of the DPRK to give the DPRK free aid in the restoration and construction of industrial enterprises and per other agreements as of 1 January 1956

The 19 September 1953 Agreement provided that during the period from 1953 to 1957 the Soviet Union would give technical aid in the restoration and construction of 21 industrial enterprises and other facilities in the DPRK.

It was stipulated that the cost value for the restoration and construction of these enterprises and facilities would be against the one billion rubles of free aid allocated; however, the sides agreed that 400,000,000 rubles of complete equipment and technical aid would be delivered from the USSR and that if the cost value of the Soviet Union for the restoration and construction of these enterprises exceeded

400,000,000 rubles the DPRK Government would pay the difference in deliveries of goods to the USSR.

The total preliminary estimate of the obligations of the Soviet side to restore and build the industrial enterprises and facilities envisioned by the Agreement is 340,000,000 rubles, including the delivery of equipment [worth] 294,800,000 rubles, design work [worth] 25,000,000 rubles, and other forms of technical aid [worth] 20,000,000 rubles.

For the period from 1954 through 1956, as of 1 January 1956 the obligations of the Soviet side have been fulfilled to an amount of 167,400,000 rubles, including the delivery 147,200,000 rubles of equipment, 13,000,000 rubles of design work, and other forms of technical aid [worth] 7,200,000 rubles.

The 1955 plan for the delivery of equipment was 98% fulfilled; there were shortfalls in deliveries for seven facilities: a foundry, a non-ferrous metals plant, a nitrogen fertilizer plant, a slate shop, and meat-packing plant, and furniture factory, and a fish canning plant for a total amount of 1,400,000 rubles in export prices.

The plan provided for the deliveries to the DPRK in 1956 of equipment against the 115,400,000 rubles of free aid. Thus, deliveries of 32,200,000 rubles of equipment will be shifted to 1957.

In 1955 the plan for Soviet organizations to hand over the design work to the general contractors was 62% fulfilled; the engineering drawings for the metallurgical plant, the foundry, the non-ferrous metals plant, and the tractor repair shop [worth] a total of 3,900,000 rubles were not handed over.

Twelve million rubles of design work are being shifted to 1956. As of 1 April 1956 three million rubles have been done.

The following is the situation by individual enterprises and sites:

The fulfillment of obligations for the radio center and the hydrochloric acid production installation, which were commissioned in 1955, has been completed.

In addition, the integrated textile mill, for which an additional supply of 50 looms was made for the production of Turkish towels and 10 machines to produce drive belts, was commissioned in December 1955.

In 1955 the supply of equipment for two railway substations which the Korean side intends to commission in March 1956 was basically completed.

It is intended to commission the meat-packing plant in Pyongyang by the DPRK national holiday of 15 August 1956.

In 1955 the USSR Ministry of Ferrous Metallurgy did not fulfill the obligations to finish the design work on the metallurgical plant and the completion of the performance of the design work for the foundry in the first half of 1956 [was] under threat of disruption, and the USSR Ministry of Non-ferrous Metallurgy did not fulfill the obligations for the non-ferrous metals plant. The delay in the metallurgical plant and foundry, and the design work, for which a delay of 12-18 months is contemplated, provokes special alarm.

The obligations of the Soviet side to rebuild the "Suphung" (the first phase)

hydroelectric power station are being fulfilled with a violation of the deadline for the deliveries of equipment.

Hydraulic installation N^o 6 of the Suphung Hydroelectric Station with a capacity of 100,000 kilowatts, put into operation in July 1955, went out of commission because of an emergency condition. Consequently, a commission of eight people went to the DPRK in connection with a 23 January 1956 instruction of the USSR Council of Ministers. As a result of the work of the commission together with the Korean side hydraulic installation N^o 6 was put in operation in February 1956 and hydraulic installation N^o 7, for which the deliveries of equipment are being completed, will be put in operation in the fourth quarter of 1956.

Concerning the remaining facilities the timely fulfillment of the Soviet side's obligations does not arouse concern, especially since according to a report of the GUES [Main Directorate of Economic Relations with the People's Democracies] Mission in the DPRK the Korean side decided to delay the completion of construction of a dyeing and bleaching and silk-spinning mill for a year in connection with financial difficulties and a shortage of construction materials and to shift the construction of the slate shop to 1957.

Soviet specialists are being sent to the DPRK to give technical aid in the installation of equipment as the need arises and the Korean side requests. The amount of this aid has been estimated at 20,000,000 rubles. As of 1 April 1956 nine million rubles have been performed.

Besides the free aid being given in accordance with the 18 August 1955 and 29 October 1955 Soviet-Korean Protocols in 1956 and succeeding years the Soviet Union is giving the DPRK technical aid in the planning, construction, and delivery of equipment for a number of other facilities totaling 85,400,000 rubles, according to the attached memo.

xxx

The People's Republic of China and the European countries of people's democracy are also giving the DPRK free aid which is distributed by countries in the following manner:

(in millions of rubles)

□□□

□□□□

countries

total amount of aid

including: □□□

□□□□

actually disbursed by 1 January 1955

to be disbursed □□□

□□□□

in 1955

in succeeding years □□□

□□□□

China

842

310

269

263 000
 0000
 GDR
 545
 75
 87
 383 000
 0000
 Poland
 250
 38
 50
 162 000
 0000
 Czechoslovakia
 161
 98
 7
 56 000
 0000
 Hungary
 84
 45
 27
 12 000
 0000
 Bulgaria
 30
 28
 2
 - 000
 0000
 Romania
 77
 28
 29
 20 000
 0000
 Total:
 1989
 622
 471
 896 00 00

Against the allocated aid

The People's Republic of China. (according to the 29 November 1953 agreement with the DPRK) supplies food and manufactured goods, and also simple equipment.

About 25% of the money is used to pay for the technical aid given by the Chinese specialists, the repair of railroads and highways, rolling stock, the restoration and construction of railroad bridges, and the study of Korean students and specialists in the PRC.

The countries of people's democracy are giving [the following] aid in construction:

German Democratic Republic (according to the 3 March 1955 agreement with the DPRK) - a diesel engine plant (for 710 engines per year, a printing and publishing works in Pyongyang, the Hwanghae metallurgical plant, and the city of Hamheung [SIC].

The Polish People's Republic (according to the 11 November 1953 agreement with the DPRK) - steam engine rail car repair plants in Pyongyang and Wonsan, three coal mines also in Wonsan (the planning).

The Hungarian People's Republic (according to the 7 September 1953 agreement with the DPRK) - a machine tool plant in [Goseong], a dyestuff plant in [Suncheon], and a weights and measures plant in Pyongyang.

The Romanian People's Republic (according to the 23 October 1953 agreement with the DPRK) - an aspirin factory in [Suncheon], a cement plant in [Unsan], and a brick factory in [Gonam].

The People's Republic of Bulgaria (according to the 3 November 1953 agreement with the DPRK) - a brick factory in Wonsan and a woodworking mill in Pyongyang.

The Czechoslovak Republic (according to the 21 December 1954 agreement with the DPRK) - a machinebuilding plant in [Huicheon], an instrument plant in [Unsan], and a vehicle repair plant in [Deokcheon].

In addition, Czechoslovakia is paying the expenses for Korean students' study and the raising of 867 Korean children in the Czechoslovak Republic.

[signed]

A. [Smirnov]

16 April 1955 [sic]

authenticated: [handwritten: Pavitsev]

17 April 1956 [SIC]