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PROVISIONAL INTELLIGENCE REPORT

NORTH KOREAN FOREIGN TRADE
1954 - 57



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PROVISIONAL INTELLIGENCE REPORT

NORTH KOREAN FOREIGN TRADE
1954-57

CIA/RR PR-128

(ORR Project 42.536)

NOTICE

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NORTH KOREAN FOREIGN TRADE*
1954-57

Summary

Foreign trade, always a significant aspect of the Korean economy, has assumed greater significance in the period since the Korean war, with unrequited aid (as distinguished from barter trade) comprising the bulk of North Korean imports. The gains which have been made in the reconstruction of North Korea since 1953 have been attributed in large measure to the material aid and technical assistance provided by the countries of the Sino-Soviet Bloc. It is estimated that in 1954, North Korea received more than a quarter of a billion dollars in aid from the USSR, Communist China, and the European Satellites. By contrast, barter trade with the Sino-Soviet Bloc during 1954 was perhaps a third of this amount, and trade with non-Bloc countries was insignificant.

I. Foreign Economic Aid.

North Korea's Three Year Plan for reconstruction, which began in 1954, depends on grants of economic assistance from countries of the Sino-Soviet Bloc. Table 1** summarizes North Korean announcements of total planned aid as well as reports of actual deliveries to date.

* The estimates and conclusions contained in this report represent the best judgment of ORR as of 1 October 1955.

** Table 1 follows on p. 2.

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Table 1
Reported Value of Sino-Soviet Bloc Aid to North Korea
1954-64

Country	Total	Million US \$				
		1954	1955	1956	1957	1958-64
USSR <u>a/</u>	250	105 <u>b/</u>	75 <u>c/</u>	70 <u>c/</u>		
Communist China <u>d/</u>	325	118	120 <u>c/</u>	40 <u>c/</u>	37 <u>c/</u>	
East Germany <u>e/</u>	136	20.6	19.7	16.8	18	8.75 each year
Czechoslovakia <u>f/</u>	28	15.4 <u>g/</u>	1954 through 1960			
Rumania <u>h/</u>	16		1954 through 1956			
Bulgaria <u>i/</u>	5		Amount unknown; 1954 through 1957			
Poland <u>j/</u>			Amount unknown; 1954 through 1957			
Hungary <u>k/</u>						
	<u>760</u>	<u>259</u>				

- a. 1/ (For serially numbered source references, see Appendix E.) Stated in rubles; conversion rate 4:1.
- b. Appears to include technical aid as well as material deliveries. It is not known whether figures for other countries include technical aid, but in the case of Communist China it appears that only material deliveries are included.
- c. The allocations after 1954 have been made somewhat arbitrarily, based on reported deliveries for the first half of 1955.
- d. 2/ Stated in yuan; conversion rate 2.45:1.
- e. 3/ Stated in rubles; conversion rate 4:1.
- f. 4/ Stated in rubles; conversion rate 4:1.
- g. Total deliveries from the European Satellites were reported as \$36 million, but country breakdown was given only between East Germany and the remaining Satellites.
- h. 5/ Stated in rubles; conversion rate 4:1.
- i. 6/ Stated in rubles; conversion rate 4:1.
- j. 7/ Stated in rubles; conversion rate 4:1.
- k. 8/ Stated in rubles; conversion rate 4:1.

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There is little evidence to suggest that the nations of the Sino-Soviet Bloc have coordinated their aid programs, although it appears likely that some measure of cooperation is being observed by at least the two primary contributors, the USSR and Communist China, with the USSR holding the major advisory role to North Korea. Expressions of gratitude by the North Koreans for material and technical aid, which reached a peak in the observance of the Tenth Anniversary of the People's Republic (August 1955), have ranked the USSR, Communist China, and the European Satellites, in that order, by both the volume and the tenor of their praise. The North Koreans claimed by August 1955 the rehabilitation of 230 old and the construction of 60 new industrial establishments of various sizes. ^{9/} The nature of the projects, as well as statements by North Koreans, suggest an effort to attain and surpass the industrial capacity in Korea before World War II, when 70 percent of industry was located in what is now North Korea. ^{10/} The accompanying chart* indicates the composition of known aid received by North Korea during 1954 from the USSR and Communist China.

A. From the USSR.

In 1953 the USSR offered a 3-year grant of 1 billion rubles (\$250 million) to North Korea, to be split evenly between military and economic aid. ^{11/} In separate announcements the North Koreans stated that during 1954 the USSR delivered "material aid" worth 390 million rubles (\$97.5 million) and "material aid and technical services" worth 420 million rubles (\$105 million). ^{12/} These statements imply that the value of technical services alone may have been 30 million rubles (\$7.5 million).

Soviet material and technical aid which has been identified at 35 specific projects is listed in Appendix A. The projects range from ferrous metallurgy to machine construction plants, and from consumer goods plants to broadcasting stations. It is possible that other projects not listed have also benefited from Soviet aid.

The North Koreans have released a detailed report of deliveries of Soviet aid to North Korea during 1954. From this report it has been estimated that the value of these deliveries was

* Following p. 4.

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\$51 million, of which approximately 75 percent consisted of capital goods (machinery, transport equipment, and construction materials) and the remainder of consumer goods (food, clothing, and drugs).^{*} The 70,000 metric tons of steel that the USSR sent to North Korea in 1954 was one-third of the estimated Soviet exports of steel to Communist China in that year. ^{13/} The other important commodity categories of Soviet aid were machinery and transport equipment.

The North Koreans have frequently lauded the contribution of Soviet aid to their economic progress and have acknowledged it to be "one of the positive contributing factors to the attainment of our victories." ^{14/} On the other hand, they have not reported the delivery of military equipment, which was to constitute half of the 1-billion-ruble aid program. The identified deliveries of non-military aid and of technical services (\$58.5 million) represent about half of the total aid reported for 1954 (\$105 million). It is probable that military deliveries accounted for at least part of the remainder.

Aid from the USSR before the Korean War was preponderantly military and consisted of an agreement to equip and train 6 infantry divisions, 3 mechanized divisions, and 7 security battalions. ^{15/} A 10-year economic and cultural pact between the 2 countries was also signed. Under the supplemental provisions of the latter, a Soviet loan of \$40 million provided for the purchase of industrial equipment and raw materials as well as technical assistance for industry and agriculture. ^{16/} This loan, however, appears small compared with the extensive grant the USSR has given to help rehabilitate North Korean industry during the current Three Year Plan.

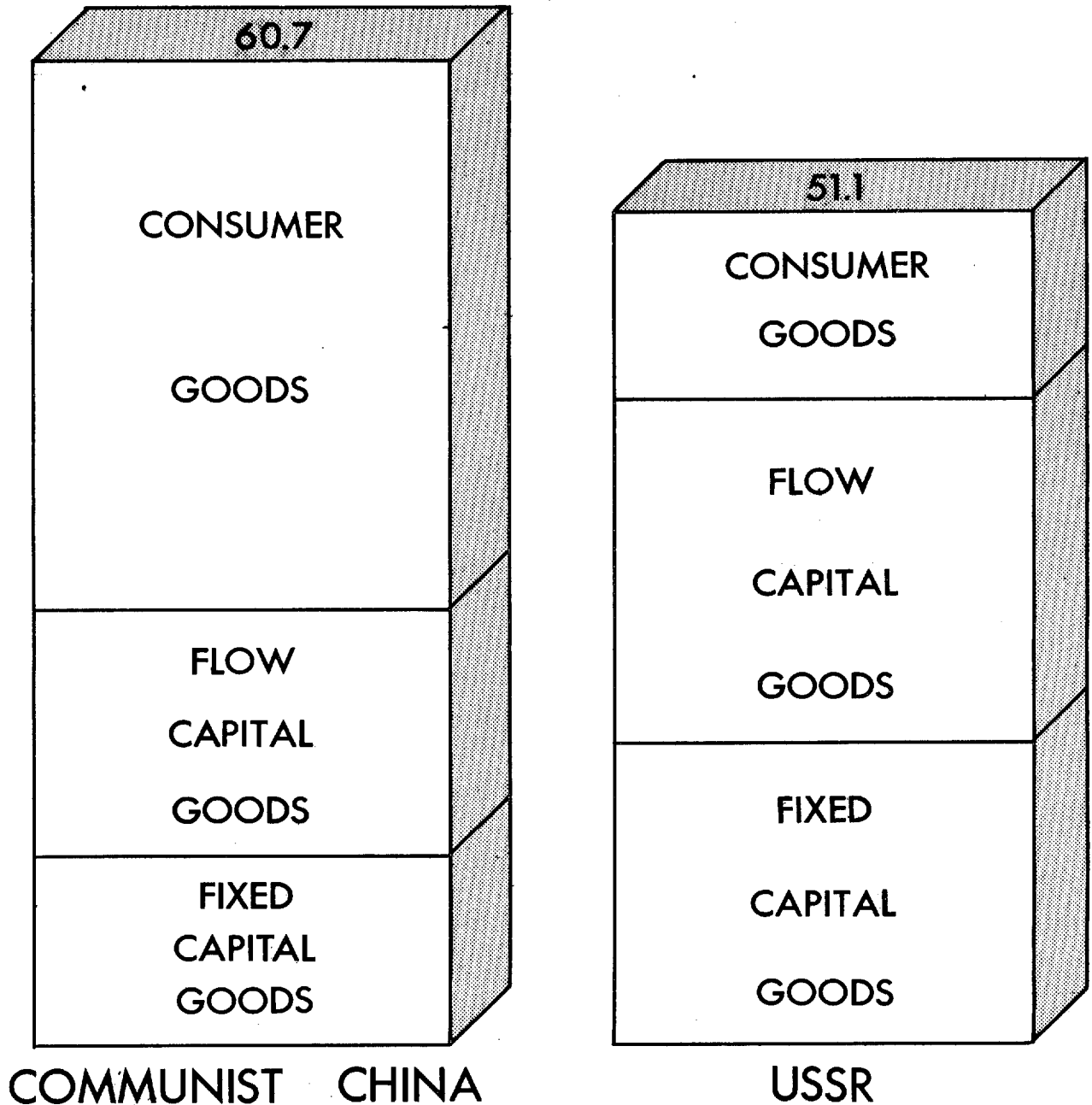
Although it is believed that Soviet technical aid to North Korea is extensive, the number of engineers and advisers serving the Koreans is unknown. Soviet engineers and technicians have been reported in such industries as chemicals, textiles, metallurgy, cement, glass, plywood, electric power, ceramics, and building construction. ^{17/} Observers have reported many Soviet civilians in Pyongyang, including women and children. One such report noted two 3-story buildings, each of which housed 200 nonmilitary Caucasians, and another stated that 1 in 10 vehicles in Pyongyang carried Soviet personnel. ^{18/} With the estimated aid in technical services to

^{*} For a listing of these materials and an estimate of their value, see Appendix B.

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COMPOSITION OF MATERIAL AID DELIVERED TO NORTH KOREA DURING 1954*

(MILLIONS OF US DOLLARS)



*For explanation and sources, see Appendix B.

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North Korea during 1954, the USSR could have supported possibly 750 to 1,000 technicians in the field.* This figure represents an average of 3 technicians for each of the 290 projects comprising the bulk of the Three Year Plan.

B. From Communist China.

In 1953 the Chinese Communists offered an 8-trillion-yuan (\$325 million) grant to North Korea extending over a 4-year period to assist in the rehabilitation of the North Korean economy. 20/ Deliveries of aid during 1954 were stated to have been 3 trillion yuan (\$118 million). 21/

Few specific projects receiving Chinese Communist aid have been mentioned, although Chinese assistance has been acknowledged in the construction of buildings, railroad facilities, and light industries. 22/ North Korean reports of specific materials delivered by the Chinese Communists during 1954 are estimated to have consisted of about 45 percent industrial materials (coal, steel, construction materials, and transport equipment) and 55 percent consumer goods (food, clothing, and newsprint).** The largest items of aid have been transport equipment, grain, and textiles.

The North Koreans provided a detailed report of material aid received from Communist China during 1954. From this report the value of aid deliveries is estimated to have been \$60 million, or about one-half of the announced aid of \$118 million. This discrepancy has several possible explanations. It is conceivable that the list of delivered materials was not complete or that the value of materials was greatly inflated to maximize the size of the Chinese gift. It is also possible that when troops of the Chinese People's Volunteers (CPV) were withdrawn from North Korea in 1954, 23/ military equipment was given to the Koreans and its value included in the aid program.

Chinese Communist personnel in North Korea have included construction laborers as well as technical advisers. One report

* Estimated on the basis of an average wage for Soviet technical personnel (20,000 rubles annually), with an allowance for travel and maintenance of from 10,000 rubles to 20,000 rubles. 19/

** For a listing of these materials and an estimate of their value, see Appendix B.

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indicated that over 400 Chinese technical personnel have been engaged in rehabilitation work in North Korea. ^{24/} A more specific report stated that Chinese engineers contributed 21,900 man-days (about 70 engineers for 1 year) to North Korean shipbuilding during 1954. ^{25/} Troops of the CPV have been utilized in the construction of railroad bridges and facilities and in the construction and repair of major buildings in Pyongyang. ^{26/} It does not appear that Chinese services are included in the value of aid, since most North Korean reports which refer to the total value of Chinese aid state that "in addition" China furnished technical advice -- a phraseology not employed when referring to Soviet aid.

Although the total value of Communist China's aid to North Korea exceeds that of the USSR, its long-run impact on the North Korean economy probably is not so great. It appears that a large proportion of the Soviet contribution is designed for the reconstruction of basic industries, whereas the greater share of Communist China's aid is in the form of consumer goods and the rehabilitation of buildings and transport facilities. Furthermore, it is probable that the character of technical service rendered by the USSR is superior to that of the Chinese.

C. From the European Satellites.

The known amount of economic aid which the European Satellites have promised to extend to North Korea over a period of years is \$185 million, of which East Germany will provide three-fourths. Deliveries during 1954 amounted to \$36 million, consisting for the most part of machinery and equipment but including some consumer goods.* East German aid to North Korea amounted to \$20 million in 1954.

A complete accounting of the East German program has been reported which indicates that four major projects will be undertaken.** These projects will account for about 80 percent of the value of East German aid. The remaining 20 percent will consist of deliveries of miscellaneous materials and consumer goods. ^{27/} German technicians evidently will play a vital role in the planning and supervision of these projects. It was reported that, by June 1955,

* See Appendix B.

** See Appendix A.

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80 German engineers were working in North Korea, with 190 more expected, 28/ and that 10 German architects were in Hamhung City in April 1955. 29/

Aid from the other European Satellites is not extensive but is of the type which will assist in industrial rehabilitation. Czechoslovakia's contribution (valued at \$28 million) will include an automobile plant, a machine tool plant, a cement plant, and several hydroelectric power stations. The value of Poland's program is unknown but will include the construction of a locomotive and car repair plant, the reconstruction of three coal mines, and the furnishing of technical aid. Rumania's contribution of \$16 million will build a cement plant and a plant for producing aspirin and will include delivery of 10 fishing vessels as well as miscellaneous machinery and equipment. Bulgaria has promised to deliver aid amounting to \$5 million, consisting of consumer goods and equipment for a brick plant. Hungary's program, of unknown value, will assist in the construction of a chemical dye plant and a machine tool plant and will include delivery of instruments and equipment. 30/

D. Developments, First Half of 1955.

Aid deliveries to North Korea during the first half of 1955 continued at approximately the same annual rate as in 1954. The North Koreans have reported the receipt of nearly \$130 million in material aid from the following countries 31/:

	<u>Million US \$</u>
USSR	42.5
Communist China	70.8
European Satellites	16.5
Total	<u>129.8</u>

The commodity breakdown of aid imports in 1955 is not complete, but the types of items reported indicate that the USSR is continuing to supply primarily industrial equipment, machinery, and instruments. Communist China is providing raw materials, construction equipment, and consumer goods. The European Satellites are sending machinery, instruments, and consumer goods. 32/

It was reported in July 1955 that, in addition to the material aid from Communist China, "several hundred" Chinese experts and

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technicians were being sent to North Korea. The European Satellites were reported to be rendering technical assistance in various economic activities by sending "several hundred" technicians. 33/

II. Foreign Trade.

The magnitude of North Korea's foreign trade during 1953 and 1954 cannot be calculated accurately. It is believed, however, that during both of these years the tasks of reconstruction have required most of the indigenous resources available as well as foreign aid contributions. It is unlikely that North Korean exports have achieved the levels that existed prior to the Korean War.

A. With Sino-Soviet Bloc Countries.

During the period following 1945 the USSR became North Korea's major trading partner. The value of trade turnover between the 2 countries increased from \$13.9 million in 1946 34/ to \$84 million in 1949 and was planned to reach \$171 million in 1950. 35/ The pattern of imports from the USSR during this period breaks down by value as follows: 50 percent armaments and machinery, 10 percent coal, 10 percent POL, about 15 percent technical services, and 15 percent all other. More than half the value of North Korean exports to the USSR before 1950 consisted of cereal grains, fertilizer and other chemicals, pig iron, and ingot steel. 36/

North Korea's trade with Communist China (Manchuria) before 1950 was approximately \$10 million annually. Imports consisted of textiles, foodstuffs, and bituminous coal, whereas exports were fertilizer, minerals, agricultural products, and lumber. 37/

Only fragmentary information concerning the size and distribution of North Korea's trade since 1950 is available. These data are phrased in terms of plan fulfillment and annual percentage changes. Trade relations with the USSR apparently were formally resumed with the signing of a trade agreement in March 1954. 38/ The export program in 1954 was said to have been overfulfilled by 10 percent. 39/

In the first half of 1955, exports reportedly increased 74.5 percent and imports increased 11 percent over the like period of 1954. 40/ Although it is difficult to assess the scope of these announcements, they suggest that trade may have been small during

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1953 and 1954 and that the increase during 1955 may reflect renewed export capabilities due to progress in economic rehabilitation.

North Korea's capabilities for export in 1953 and 1954 probably were limited. Some of the commodities which were exported in the period before 1950 were being imported in volume by North Korea in 1954.* One report indicated that North Korea planned to export about \$20 million worth of agricultural products and mineral ores to Communist China during 1954. ^{41/} The trade agreement with the USSR also included these commodities, and some reports indicated the actual movement of Korean ores to the USSR. ^{42/} The export plan for 1954 was reported overfulfilled by 10 percent, and it is possible that the export of mineral ores and agricultural products to Communist China and the USSR may have amounted to from \$35 million to \$45 million. It is probable that the North Korean economy could have provided this volume of exports, inasmuch as it was announced that the level of production in state-operated and cooperative industries during 1954 surpassed the 1949 level by 3 percent. ^{43/} The only other significant export was North Korean electrical power to Communist China, estimated at \$10 million. ^{44/}

North Korean trade with the European Satellites is believed to be small. Although trade agreements were signed with East Germany and Poland in 1952, they appeared to be economic aid agreements designed to support North Korea during the war. ^{45/} The only known postwar trade agreement with the Satellites (as distinct from aid agreements) is one with East Germany, signed 6 March 1955. ^{46/} It is believed, therefore, that trade involving North Korean exports to the European Satellites was insignificant during 1953 and 1954.

If it is assumed that North Korean exports to the Sino-Soviet Bloc in 1954 were exchanged for imports of a corresponding value, total barter trade turnover with Communist countries may be tentatively estimated at \$100 million. No information is available on nontrade receipts and payments of North Korea. Adding grant aid to the estimated barter trade, however, gives an approximate import surplus for 1954 of \$250 million. The value of the trade (in million US dollars) of North Korea with the Sino-Soviet Bloc in 1954 may be summarized as follows:

* See the listing of aid deliveries in Appendix B.

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	<u>Exports</u>	<u>Imports</u>	<u>Total</u>
Barter trade	50	50	100
Aid	0	250	250
Total trade	<u>50</u>	<u>300</u>	<u>350</u>

The North Koreans announced in June 1955 that the Soviet shares of the Korean-Soviet Marine Company and the Korean-Soviet Synthetic Liquid Fuel Company had been transferred to North Korea. Payment will be made by the export of North Korean commodities to the USSR over a period of several years. On 31 August 1955 an agreement was signed transferring to North Korea the Soviet share of the Korean-Soviet Sokao Air Transport Joint Stock Company, which was described as the last joint Soviet-Korean company in North Korea. Payment for this company will also be made by the export of Korean products to the USSR. 47/

B. With Non-Bloc Countries.

There is no indication that non-Communist countries conduct organized legal trade with North Korea and some of them have specifically banned all commercial exchanges with North Koreans.

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APPENDIX A

NORTH KOREAN PROJECTS RECEIVING TECHNICAL AND MATERIAL AID

The following projects have been specifically mentioned by the North Koreans as among those which are being constructed or rehabilitated with material and technical aid from Sino-Soviet Bloc countries. This list is not intended to be exhaustive and probably does not include all projects receiving such aid.

A. Projects Receiving Aid from the USSR. 50/

<u>Map* Key Number</u>	<u>Location</u>	<u>Project</u>
1	Songjin	Steel foundry
2	Kimchaek	Iron foundry
3	Sungho-ri	Cement plant
4	Sup'ung	Hydroelectric power plant
5	Chinnamp'o	Refinery
6	Hungnam	Chemical fertilizer plant
7	Pyongyang	Spinning mill
8	Pyongyang	University
9	Pyongyang	Radio station
10	Pyongyang	Beef packing and canning plant
11	Pyongyang	Bleaching powder manufacturing plant
12	Pyongyang	Underground theater Moranbong
13	Huich'on	Vehicle parts factory
14	Musan	Sugar refinery
15	Madong	Cement plant
16	Kilchu	Plywood mill
17	Pon'gung	Chemical factory
18	Suiho	Power plant
19	Namp'o	Glass factory

* See the map, inside back cover.

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Map Key Number	Location	Project
20	Hwang-hae	Metallurgical plant
21	Kangnam	Pottery plant
22		"Central Broadcasting Station" (possibly identical to Pyongyang Radio Station)
23	Pyongyang	International Hotel and "other government buildings"
24	Pukchin	Machine building plant
25	Nakwon	Machine building plant
26	Namp'o	Shipyards
27	Wonsan	Shipyards
28	Ch'ongjin	Shipyards
29	Kimchaek	Shipyards
30	Taeyu-dong	Mines
31	Koksan	Mines
32	Komdok	Mines
33	Musan	Mines
34	Sinpo	Fish cannery

B. Projects Receiving Aid from East Germany. 51/

Map Key Number	Location	Project
35	Hwang-hae	Iron works
36	Hamhung	Restoration "A diesel engine factory" "A printing combine"

C. Projects Receiving Aid from Hungary. 52/

Map Key Number	Location	Project
37	Pyongyang	Weights and measures factory
38	Pyongyang	Railway station building
39	Pyongyang	"Assistance with two public buildings"
40	Pyongyang	Designs for the following: Art school

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Map Key Number	Location	Project
41		Medical college
42		State Art Theater
43		Musical institute
44	Kusung	Machine tool mill "Assistance with a chemical plant"

D. Projects Receiving Aid from Czechoslovakia. 53/

Map Key Number	Location	Project
45	Huich'on	Auto accessories plant
46	Huich'on	Machine building factory
47	Changjin	Power plant
48	Pujun	Power plant
49	Huich'on	Power plant

E. Projects Receiving Aid from Poland. 54/

Map Key Number	Location	Project
50	West Pyong- yang	Railway factory
51	Anju	Mines
52	Sinchang	Mines
53	Aoji-dong	Mines
54	Wonsan	Railway factory

F. Projects Receiving Aid from Rumania. 55/

Map Key Number	Location	Project
		"Plans and survey for cement factory"

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G. Projects Receiving Aid from Bulgaria. 56/

<u>Map Key Number</u>	<u>Location</u>	<u>Project</u>
		"Technical aid in construction of a wood- working factory"
		"Improvement of equipment in the lumbering field"

H. Projects Receiving Aid from Communist China. 57/

<u>Map Key Number</u>	<u>Location</u>	<u>Project</u>
55	Namp'o	Glass factory
56	Pyongyang	Repair of major buildings
57	Mangyongdae	School
		"Construction of 16 railway bridges"
		"Construction of railway facilities and laying of track"

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APPENDIX B

MATERIAL AID RECEIVED BY NORTH KOREA DURING 1954

A. Communist China to North Korea. 58/

The items shown in Table 2 have been reported by North Korea as received from Communist China under the aid program during 1954. In order to obtain values, prices per unit have been applied on the basis of world prices, which were then adjusted by knowledge of Sino-Soviet Bloc prices and the characteristics of the commodities. Flow capital goods are those nonconsumer goods which must be transformed physically before they can yield any service. Fixed capital goods are those nonconsumer goods whose physical form does not change significantly in the course of their service.

Table 2

Material Aid Received by North Korea
from Communist China
1954

Commodity	Amount	Price per Unit (US \$)	Total Value (Thousand US \$)
Consumer Goods			
Grain (metric tons)	130,000	100	13,000
Soybeans (metric tons)	30,000	125	3,750
Meat (metric tons)	3,000	1,000	3,000
Cotton (metric tons)	3,900	250	979
Canvas shoes (pairs)	610,000	3	1,830
Blankets (units)	50,000	5	250
Newsprint (metric tons)	4,000	100	400
Cotton fabric (million meters)	42	0.25	10,500
Total Consumer Goods			<u>33,709</u>

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Table 2

Material Aid Received by North Korea
from Communist China
1954
(Continued)

Commodity	Amount	Price per Unit (US \$)	Total Value (Thousand US \$)
Flow Capital Goods			
Coal (metric tons)	650,000	10	6,500
Coke (metric tons)	36,000	10	360
Pig iron (metric tons)	22,000	70	1,540
Finished steel (metric tons)	30,000	120	3,600
Cement (metric tons)	131,000	20	2,620
Sheet iron (metric tons)	2,000	100	200
Lumber (metric tons)	42,000	10	427
Total Flow Capital Goods			<u>15,247</u>
Fixed Capital Goods			
Locomotives (units)	70	30,000	2,100
Freight cars (units)	1,382	6,000	8,292
Passenger cars (units)	109	10,000	1,090
Motors (units)	265	500	132
Turbine pumps (units)	420	280	118
Total Fixed Capital Goods			<u>11,732</u>
Total Nonconsumer Goods			<u>26,979</u>
Grand Total			<u><u>60,688</u></u>

B. USSR to North Korea. 59/

The items shown in Table 3* have been reported by North Korea as received from the USSR under the aid program during 1954. The value of these North Korean imports was obtained in the same manner as the value of imports from Communist China, as shown in Table 2.

* Table 3 follows on p. 17.

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Table 3

Material Aid Received by North Korea
from the USSR
1954

Commodity	Amount	Price per Unit (US \$)	Total Value (Thousand US \$)
Consumer Goods			
Food (metric tons)	550	200	110
Grain (metric tons)	6,000	100	600
Flour (metric tons)	50,000	135	6,750
Shoes (pairs)	20,000	5	100
Drugs (metric tons)	350	5,000	1,750
Cloth (metric tons)	60	1,000	60
Wool (metric tons)	1,500	1,600	2,400
Total Consumer Goods			<u>11,770</u>
Flow Capital Goods			
Cement (metric tons)	1,000	20	20
Pipe (metric tons)	36	150	5
Iron (metric tons)	5,525	70	387
Zinc (metric tons)	50	600	30
Sulfur (metric tons)	500	150	75
Aluminum plate (metric tons)	54	600	32
Chemicals (metric tons)	2,300	200	460
Fertilizer (metric tons)	126,860	50	6,343
Steel (metric tons)	69,460	140	9,724
Oil (metric tons)	3,809	50	190
Aluminum wire (kilometers)	171	20	3
Electric wire (kilometers)	73	20	2
Wire cable (metric tons)	16,500	200	3,300
Sheet tin (metric tons)	62	200	12
Lumber (carloads)	370	320	118
Brick (carloads)	5	400	2
Glass (carloads)	1		10
Ammonium nitrate (metric tons)	1,200	92	110
Total Flow Capital Goods			<u>20,823</u>

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Table 3

Material Aid Received by North Korea
from the USSR
1954
(Continued)

Commodity	Amount	Price per Unit (US \$)	Total Value (Thousand US \$)
Fixed Capital Goods			
Horse carts (units)	1,000	200	200
Shapers (units)	15	3,000	45
Drill presses (units)	3	10,000	30
Winches (units)	15	1,000	15
Compressors (units)	4	10,000	40
Turbine pumps (units)	7	300	2
Railroad equipment (metric tons)	24,000	250	6,000
Belt conveyors (kilometers)	56		20
Scrapers (units)	4	500	2
Busses (units)	150	10,000	1,500
Tractor parts (units)	17,000	2	34
Boxcars (units)	336	6,000	2,016
Passenger coaches (units)	141	10,000	1,410
Horses (units)	18,000	75	1,350
Vehicle cranes (units)	19	8,500	162
Motors (units)	113	750	85
Rails (metric tons)	25,000	100	2,500
Trucks (units)	762	2,500	1,905
Farm tools (metric tons)	300	500	150
Machines (units)	309		1,000
Total Fixed Capital Goods			<u>18,466</u>
Total Nonconsumer Goods			<u>39,289</u>
Grand total			<u>51,059</u>

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C. European Satellites (and Mongolia) to North Korea. 60/

The items shown in Table 4 have been reported by North Korea as received from various countries of the Sino-Soviet Bloc other than the USSR and Communist China during the year 1954. Because of the vagueness of the original reports, it is impossible to assign any values to these imports.

Table 4

Material Aid Received by North Korea
from Specified Countries of the Sino-Soviet Bloc
1954

<u>Country</u>	<u>Commodity</u>
Albania	9,000 tons of pitch
Poland	Railway equipment Building materials Steel rods and pipes
Czechoslovakia	50 Skoda busses 12 winches 10 motors 5 compressors 3 excavators 9 diesel and gas generators Iron wire Sheet iron
East Germany	Machine tools Tractors Sowers Plows Cotton cloth Medicine

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Table 4

Material Aid Received by North Korea
from Specified Countries of the Sino-Soviet Bloc
1954
(Continued)

<u>Country</u>	<u>Commodity</u>
Hungary	Railway equipment Railway rolling stock Machine tools Medicine Electrical equipment Motor cars
Rumania	Newsprint Gasoline Tractors and bulldozers Textile goods
Mongolia	1,000 tons of meat 10,000 leather coats 6,056 horses 9,106 goats 7,156 fleece sheep 427 milk cows

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APPENDIX C

METHODOLOGY

The methodology employed in this report has been one of compilation of statements both from overt Sino-Soviet Bloc sources and from US intelligence reports. The statements varied in scope from announcements of over-all value of aid to reports of the movement of individual items, and from them it was possible to derive a reasonably accurate estimate of the total aid program to North Korea, as well as its general composition, and to make a rough approximation of the probable level of barter trade.

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APPENDIX D

GAPS IN INTELLIGENCE

The most significant gaps in intelligence on North Korean foreign trade are those relating to the total value of barter trade, its specific composition, and its distribution among Sino-Soviet Bloc countries.

Other gaps exist with respect to the identity and amounts of non-trade payments (needed in estimating North Korea's balance of payments); the specific identity of all materials and services provided under the aid program, including the amount of military deliveries; the method of valuation of aid deliveries; and positive evidence of a coordinated effort on the part of Bloc nations to rehabilitate the North Korean economy.

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APPENDIX E

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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