

INFORMATION REPORT

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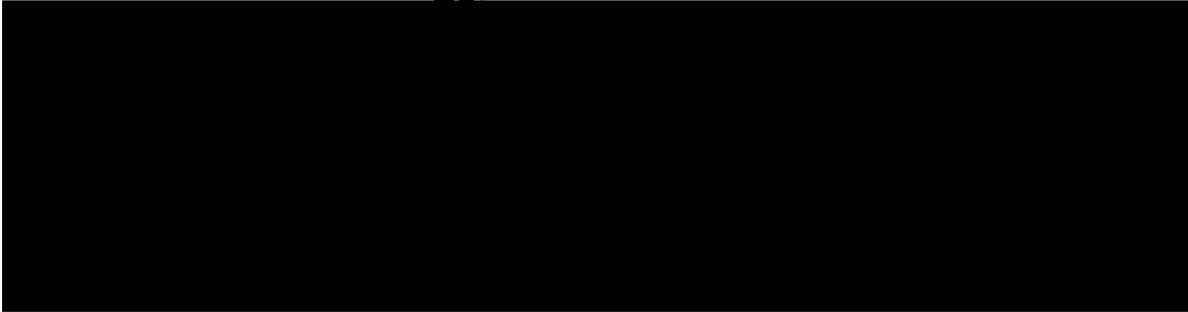
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1. The Korean Commercial Company (Choson Sang Sa Hoe Sa 朝鮮商事會社)* financed by North Korean Labor Party capital at an estimated three hundred million won, has a monopoly over trade between North Korea and Japan and Manchuria. Its Japanese trade, soon after the formation of the firm in 1946, was initiated by a visit to Osaka of the first general manager, KWON T'ae-hyong (權泰衡), and five other members of the firm, including PAEK Yong-he (白龍河). Negotiations for exchange of commodities and discussion of political problems continued for eight months. KWON ** and PAEK then returned to North Korea, leaving the other firm representatives in Osaka, and trade commenced.
2. Korean Commercial Company personnel in Osaka have several functions in addition to their business duties. One of these is to transmit orders from the North Korean Labor Party to the Korean Residents' Association in Japan. A second is to monitor North Korean radio broadcasts daily and to distribute illegally to the Japanese Communist Party the information thus obtained. It is through this means that much North Korean propaganda is brought to both Japanese and Koreans in Japan. Other contacts between the NKLP and the JCP also follow this channel.
3. Trade between the two countries utilizes the water route between Wonsan (127-26, 39-10) and Tsuruga (136-04, 35-37). The SS "Daizai Maru" (大蔵丸) (Daese-hwan in Korean), which is registered in Osaka, frequents the North Korean ports.
4. The numerous Japanese technicians who were in North Korea during the war were later partly dispersed to the USSR and Manchuria as Soviet prisoners of war. North Korean authorities, however, managed to retain some essential Japanese technicians, excepting administrative and military personnel, in the oil industry who were willing to stay in the country. At the insistence of the South Hanyong Provincial People's Committee, some additional personnel were also kept to work in the Hungnam (127-33, 39-52) factory. Japanese technicians remaining in Korea were permitted to organize a Japanese Residents' Association and were given favorable living conditions. Their pay is eight times that of a Korean worker.

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5. During 1949, North Korean authorities made special efforts to bring Japanese technicians to Korea, largely because industrial production had shown a sharp decrease through incompetent technical handling. Special offers were made to Japanese captured by the Chinese Communists. Primary attention, however, was concentrated on inducing technicians to come in from Japan. Representatives of the Korean Commercial Company took Japanese technicians from Korea to Osaka to recruit new personnel illegally without the knowledge of SCAP headquarters.
6. At the beginning of August 1949, seventy Japanese were taken to Wonsan on the "Daizai Maru" as guests of the North Korean government. After receiving some indoctrination courses at Pyongyang, forty of the group were assigned to the Hungnam factory to increase the production of ammonium sulphate, sulphuric acid, carbide, and other chemicals needed for trade with Manchuria. Other members of the technical group were employed at the Wonsan Shipyard, in October, and in the Chongjin and Pyongyang Railroad Bureaus. Still others were assigned to the new arsenal under construction in Pyongyang and temporarily operating in the basement of KIM Il-song University in Yurim-ni (儒林里).***
7. If the Japanese technicians succeed in stepping up production, the North Korean government plans to bring increasing numbers of them from Japan to serve in northern industry.

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* [REDACTED] Comment: For a discussion of official Korean foreign trade representation, see [REDACTED]. 25X1A

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** [REDACTED] Comment: KWON T'ae-hyong later left the Korean Commercial Company and is now working for the Korean Beer Company in Pyongyang.

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*** [REDACTED] Comment: [REDACTED] this factory is to manufacture weapons for the invasion of South Korea. This installation is not to be confused with the large Pyongyang ordnance factory which has been operating in Pyongyang for a considerable time; see [REDACTED]

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