

June 29, 1964

**Report, Embassy of Hungary in North Korea to the
Hungarian Foreign Ministry**

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Summary:

The Hungarian Ambassador to North Korea reports on a trade dispute between North Korea and the Soviet Union.

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Hungarian

Contents:

Translation - English

On 26 June of this year Ri Ju-yeon [Ri Ju Yon], an alternate member of the KWP PC and Deputy Prime Minister, received Comrade Moskovsky, and the Soviet Ambassador briefly informed us about the following issues that were brought up in the course of the conversation, which are of some interest.

"We are in the middle of the year," Ri Ju-yeon began to speak, "and it appears to me that it would be appropriate to discuss next year's exchange of goods. For one thing, the Soviet foreign trade organ has not given 2000 metric tons of cotton to Korea in the current year, and instead of 200 thousand tons of magnesite clinker, they were willing to take a mere 60 thousand tons. Of the offered 80 thousand tons of barite, only 20 thousand tons were recorded in the minutes. They had considerably reduced the purchase of Korean chinaware, then they did not buy machine-tools either from the DPRK. Such measures mean that the Soviet Union has extended the interparty disagreements to the state line."

"Up to the present," the Soviet Ambassador replied, "the Soviet party and state leaders have not mentioned anywhere that there were any disagreements between the CPSU and the KWP; thus, nothing was to be extended to the state line. You are the first to inform me about the existence of such a disagreement, you [the North Koreans] are speaking of it; thus, it is also you who extend it to the state line."

The Korean government, Ri Ju-yeon went on, had developed the production of magnesite clinker essentially at the disposal of the Soviet Union, and now the Soviets caused great difficulties for them [the North Koreans] by not purchasing it; they had been compelled to halt production in several mines.

Comrade Moskovsky reacted to that in the following manner: the Soviet Union never asked the government of the DPRK to develop the production of magnesite clinker; otherwise, he (the Soviet Ambassador) knew very well that production had not been halted in any of the magnesite mines [...] it was rather obvious that she [the Soviet Union] purchased goods they could really make use of. The Soviet organs would not take over magnesite sand in the future either.

As was well-known, they did not purchase Korean machine-tools, because the latter's quality was inferior to that of the Soviet machines, and the Soviet Union had no need of museum pieces.

As Ambassador to Pyongyang, Ri Ju-yeon went on, he [Moskovsky] could see with his own eyes that they [the North Koreans] did not live well, food was scarce, clothes were in short supply, they worked hard, they made strenuous efforts, they even sacrificed their free time to develop the country and increase the living standards of the people. They wanted to become civilized people, they wanted to reach communism together with the socialist countries.

Unfortunately, Comrade Moskovsky replied, he did not know the situation of this place, for the Korean organs did not allow him to contact the people, they kept him away from the population. Nor had he, the Ambassador of the Soviet Union, any contact with the members of the Korean government; for instance, Kim Il Sung received even Japanese prostitutes, but he had not been willing to meet him [Moskovsky] for more than a year. They [the North Koreans] indeed worked hard, he could see that; the people were subjected to the torment of spending 8 hours at work and 4 hours at meetings every day. They [the Soviet diplomats] got information about the host country almost exclusively from the press. He also saw that Nodong Sinmun, the party's central newspaper, had been hurling abuse at the Soviet Union for a year under such terms as "certain people" and "certain countries".

Ri Ju-yeon then presented the affair in such a way as though the Soviet Union and the

Comecon countries (he listed them by name) had not been willing to purchase anything but non-ferrous metals from Korea; thus, they wanted to force the DPRK to remain a producer of raw materials and agricultural goods. Certain people lined their pockets through the trade with Korea.

Comrade Moskovsky repudiated this statement by saying that it was solely the inferior quality of Korean manufactured goods and other industrial products that prevented them from being purchased in larger quantities. Exchange of goods with Korea amounted to a mere 1.8 percent of the Soviet Union's foreign trade. "Do you not think," Comrade Moskovsky asked, "that the statement [accusing] the Soviet Union of lining her pockets through this trade sounds ridiculous in the light of such an insignificant percentage?"

The Deputy Premier brought up the issue of the payment by installments of the loans the Soviets had granted [to the DPRK]. (This amount would run to approx. 12 million rubles next year, then it would rise by 5-10 million in the coming years.) The Korean government could provide the payment of the next installments only through the export of magnesite clinker and milled barite. If the Soviet Union did not accept these materials, it would deal a heavy blow to the economy of the DPRK. This would obviously prove that the Soviet leaders extended the disagreements to the state line. The Korean Workers' Party had its own political line, and it intended to proceed along this line. (Comrade Moskovsky asked Ri Ju-yeon to send the Koreans present out of the room, and when the latter fulfilled the request, Comrade Moskovsky also sent out the employee of the commercial branch agency who had accompanied him.) They continued the conversation with two interpreters present.

"Now let's talk with each other as Communists," Comrade Moskovsky began to speak. "First of all, you have no political line of your own, it is the Chinese policy that the leaders of the KWP imitate and carry out. We have been observing speeches about the alleged [...] attempts at the exploitation of Korea for approximately a year. Would it not be more appropriate if the high-ranking economic leaders, say, Deputy Premiers, of the Soviet Union and the DPRK came together to discuss and clarify the alleged grievances and the problems you perceive in our economic relations?"

Thereupon, Ri Ju-yeon declared that the time had not yet come for such a negotiation.

"It seems that you are afraid of such a discussion, and at present the Chinese would not allow you to meet the representative of the Soviet Union," the Soviet Ambassador replied. Comrade Moskovsky then handed over the copy of the letter the Soviet government had sent to China with regard to the 1965 meeting of African and Asian Premiers. He asked Ri Ju-yeon whether the latter wanted him to set forth orally the content of the letter. The person in question declined, then added that it must have been full of aspersions.

The leaders of the CPSU and the Soviet government, Comrade Moskovsky remarked, did not cast aspersions on anyone but substantiated their message by realistic arguments based on the principles of Marxism-Leninism. Casting aspersions was solely a habit of the weak who could not bring up convincing arguments.

With this, the three-hour debate came to an end.

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(Ambassador)