

December 13, 1961

Minutes of Conversation between Zhou Enlai and Ri Ju-yeon

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Summary:

Zhou Enlai and Ri Ju-yeon discuss steel production, agricultural production, and electricity production in North Korea as well as Sino-North Korean trade and economic cooperation.

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Chinese

Contents:

Translation - English

(Exchange of greetings)

Premier Zhou [Enlai] (to be abbreviated as Zhou): How many of Vice Premier's tasks in coming [to China] this time have been completed?

Vice Premier Ri [Ju-yeon] [Ri Ju Yon] (to be abbreviated as Ri): [I] have satisfied quite a lot [of my tasks].

Zhou: If you can get through half them, that's good.

Ri: There is one item that has not been finished. I would like to use this opportunity to talk with the Premier [about this].

Zhou: Please speak first.

Ri: Our biggest problem is with steel pipes. Some factories cannot go into operation after being set up. When I came, Comrade Kim Il Sung talked about this matter. The first two-days I used the phone to communicate with [North] Korea about this issue. When I arrived I was dubbed the steel pipes representative.

Zhou: This is mainly seamless steel pipes?

Ri: Seamless steel pipes and also welded steel pipes. The figure is for 3,200 tons.

Zhou: How big in diameter?

Ri: Both large and small. We heard that China cannot [satisfy our need] for 150-millimeters and above. We hope that China can provide us with 3,000 tons of which China is capable of providing. There were several thousand tons of steel pipes included in the trade contract. The 3,000 tons are what [we] hope can be given [to us] in a short period of time.

Zhou: When?

Ri: We hope to receive them in the first quarter of next year.

Zhou: [Do you need] many varieties?

Ri: Yes, but not much in terms of quantity.

Zhou: Having many types creates problems for production. Does this include cold drawn pipes?

Ri: Most are seamless steel pipes.

Zhou: Seamless steel pipes can also be cold drawn. It depends on the caliber and concentration. The advantage of cold drawn is that it is easy to shift types. There are two [orders], one is the emergency order for 3,000 tons and the other is the trade order for 25,000 tons next year. Is that correct?

Ri: The emergency order is also included in the trade plan, but we hope to receive them sooner.

Zhou: 3,000 tons-the [State] Planning Commission needs to study this. [I'm] not sure if it will work with our production capacity because we are also a weak department in terms of steel pipes. It's not just an issue of variety and quantity. We can study this issue today, and I will ask them this afternoon. They will study the product types, specifications, quantity, and how much we can provide. We will respond tonight when charge d'affaires Ma [Dong-san] [Ma Tong San] treats you to dinner. (Ri: thank you). The 25,000 tons were ordered, and include seamless steel pipes, welded steel pipes, sheet steel, channel steel, axle steel. We are also in short supply of of seamless steel pipes and sheet steel. [We] still need to import some of these. We import 130,000 tons from the Soviet Union, mostly of these two items. As for what [North] Korea needs, we will study it again and respond to you in Pyongyang [Pyongyang] during the talks of next year's trade. We want to make every effort to somehow provide half of your [request]. [If we] don't reach 50 percent, [we] will be very sorry. As the steel pipe representative [referring to Ri], how could you go back to Korea without at least getting half? With half, there would need to be some delays for factory production. After [you] return, [I] hope you can study this along with comrades from the steel pipe industry, listing items in terms of priority from the [most important items] to [items] that wouldn't significantly affect production. The second issue to discuss is about the 100,000 spindles. In order to quickly and satisfactorily resolve this issue, the result of our study suggests that we can turn over a factory to you. This is more a certainty than building a new [factory] and it is good for you and for us. You shouldn't feel uneasy about demolishing a factory. In 1957, we had 7 million spindles. By the end of 1960, after three years of the Great Leap Forward, we had almost 11 million spindles. We had envisaged that next year we would have 13 million spindles. Now it has been proven that not only was cotton production reduced because of natural disaster, [but] even if production was not cut, it would be impossible to meet the production needs of such a large equipment capacity. For 10 million spindles, it would require 40 million dan of cotton; for 13 million spindles, it would require 52 million dan of cotton. [We] have 11 million spindles now, which require 44 million dan of cotton. According to our calculations for cotton production and cotton farmland, our long term plans for up to 1967-1969 is to have about 50 million dan [of cotton], [but] this will require a huge effort. I'm just telling this to you and don't plan on announcing [this]. It's not easy to increase the amount of cotton per unit area. As you probably remember, in 1958 I visited [North] Korea] and saw your cotton nutrient tanks. After we came back, we did some trials [for nutrient tanks], but there were limits. Comrade Kim Il Sung told me that you also weren't very successful [with nutrient tanks and cotton production]. Our per mu yield [for cotton] is relatively high in southern Xinjiang and the Yangtze River areas, [but] it seems unfeasible to spread [cotton production] across the entire country because of soil and climate limitations. This shows that there are highly productive areas, but it is not easy to spread [cotton production] across the country without significant amounts of fertilizer and mechanization. Moreover, it is only done by hand right now. Every mu [of land] produces 30 jin of cotton or 100 jin of seed cotton. Every jeongbo [of land] produces 1500 jin of seed cotton (750 kilograms). The Soviet Union also calculates by seed cotton. [You] need fertilizers, machinery, irrigation, and labor to increase the per unit production [of cotton]. It's not just sudden improvement. It requires a long period of time. The other issue is the influence of the three years of natural disasters. There are two aspects [to this]: the first is that the draught had a direct impact upon cotton production. Too much rain is not good for cotton, but if it is too dry, cotton bolls will also not grow well. There are some local cadres who, because of a lack of experience, said that the drier it is the better it is [for growing cotton]. Of course, [if] you have water irrigation then more sunshine is good, but [if] it is too dry and the water table is too low, then how can [you] grow cotton! An indirect influence is that, because of crop failure, the peasants are not willing to grow cotton. They have converted cotton fields to produce food. Some are doing intercropping, growing tall crops and covering the cotton, or just growing grain and not any cotton at all. Our cotton-growing areas-Hebei and southern Shandong-were flooded this year. The water has still not receded, and there is no grain or cotton [production]. So cotton fields this year have been reduced to 50 million mu, or 3.3 million jeongbo. In the past we had 90 million mu of cotton fields or the equivalent of 6 million jeongbo, [so] this year our production has almost been halved. There are still a lot of problems before [we] can return to the old production

figures. Peasants will only be willing to produce cotton if grain production increases. Next year we can only plant a little more than 60 million mu [of cotton], or about 4 million jeongbo. It will take quite a long time [to restore production to previous levels]; it will take until 1967. If by that time we have reached back to 6 million jeongbo, then we will be able to raise [cotton] production per unit area. Every jeongbo does not produce 750 kilograms of seed cotton. For example, [if] every jeongbo produces 1,000 kilograms, there will be a total of 6 million tons of seed cotton and 2 million tons of cotton fiber, which is 40 million dan, and even then this will only require 10 million spindles. At that point, we will still have [too] many spindles. Of course, we also want to find alternative sources of fiber and produce artificial fibers, but this is also limited. Improvements in cotton spindles will allow the usage of artificial fiber. 10,000 tons of artificial fiber is equivalent to 200,000 dan of cotton, [and] 200,000 dan only need 50,000 spindles. It would not be easy to produce 100,000 tons of artificial fiber or the equivalent of 2 million dan of cotton. Even then it would only require 500,000 spindles, and we would still have extra spindles. Therefore, [we] definitely won't be able to reach the production capacity requirements [of China's cotton spindles] prior to 1967. If we keep the equipment it would be idle, but [if] you have uses for it, why not take the equipment! It is not that we are giving it to you when we could have used it for production. It is completely idle. All of the female workers have already gone back to their villages. In May of this year, I stayed at a factory in Handan [in Hubei Province] for ten days. Of four factories which are side-by-side, three have stopped production and only one is [still] in operation. All the spindles are new. It's the same in Shijiazhuang, Zhengzhou, and Luoyang. These are all cotton-producing areas, but there isn't enough cotton. You can bring [the equipment] back and meet your requirements. [You] can use man-made fibers with some slight modifications. It is not technically difficult. There are also several benefits to this. First, the machines have been used before, [so] they are reliable and without any problems. Second, the timing is fast. Just move them and that's it. Third, [they] have depreciated in value so the price is a bit lower. Forth, there is no need for us to manufacture anything new or to use steel. [I] am persuading you to agree with us. If you are in agreement, then the industrial department can send the personnel in charge of textiles and you can pick the equipment. Shijiazhuang, Handan, Luoyang-whatever equipment looks good can be yours to take. How's this? Does the Vice Premier agree?

Ri: I will go back and ask for the government's views.

Zhou: Let us make the principles clear. There are benefits for both of us, even more for us as we can avoid producing new equipment. The 156 projects which the Soviet Union gave us also utilized this method in order to speed the process up. However, they did not inform us of this beforehand. We eventually found out that they were dismantling old factories. They said it is old equipment but they did not say that they were dismantling the old factories. We feel that [the Soviet method is] inappropriate. We should inform you of the honest truth.

Ri: When I heard this suggestion yesterday, we were wondering if China is only taking these measures because we have been pressing in our demands. We feel that because of China's [natural] disasters and the shortage of raw materials, and then we arrive to take away the machinery, it does not seem appropriate. Next July, if you propose to give us 100,000 spindles and you ask us if we want old or new spindles, we can consider it.

Zhou: If they are old spindles, then they would have only been used for one or two years.

Ri: We can consider it. We do not have to have new ones.

Zhou: They have all been produced in the past few years, so they work pretty well.

You have seen the machines at the Beijing Second National Cotton Factory. Those are what the machines are like. This approach is beneficial to both sides, even more so to us because it saves us the trouble of producing new machines. Either way the factory workers have gone home. Of course, you do not have to take [equipment] all from the same factory. You can select the same kinds of machines from different factories. I just said earlier, for example, the four factories in Handan all have new machine which have never been used for production. We will respond to you in Pyeongyang [Pyongyang] about the other trade orders. As long as we have [the items], then we will do as much as we can to satisfy your needs. About swapping automobiles, you have proposed an equal exchange using 1000 two-ton trucks. If it is 2 to 1 ratio, which is 500 vehicles, we will need to do calculations according to international market prices, so the quantity might be slightly more or less. We need to study and organize production for next year. The Changchun Automobile Factory has equipment capacity but a shortage of materials, [so] there is not enough to eat. For the items that we import from you, if you have your own needs then you should provide what you can to us. If you cannot provide the items then don't force it. You want to first satisfy the needs of the [North] Korean people. For the items that you want us to accept, we can take a certain number. If some [trade] imbalances appear between us, then we can discuss the imbalances next year. Hydroelectric power stations are the third issue. The four large 100,000-watt generators for the Unbong [Yunfeng] Dam need to be supplied by the Soviet Union. We should make the order, but the Soviet Union might not be willing to provide the generators or they will delay supplying them, saying they don't want to supply them because of how large our debt is. We talked about this with you last time. The other possibility is that they say that they cannot provide so many generators in such a short period of time, that arranging production takes time. Whatever the situation, we are preparing to organize our own production. So it is possible that we cannot satisfy the bilateral committee's original request within the time limit. Please report to Comrade Premier [Kim Il Sung] about this matter.

Ri: When I return I will report this matter.

Zhou: We may delay the installation. We will simultaneously place the orders while also attempting trial production. If the Soviet [generators] arrive, then we will install their [generators]. But if our trial production provides good and early results, then we can install our own [generators]. But no matter what the circumstances are, it's anticipated that there will be a delay in the originally scheduled installation time. This shows that it is not easy for you and I to establish economically independent countries. It takes time, and in the past we have estimated the process to be easier. What are the views of the Vice Premier?

Ri: I do not have any views. I will immediately report back to the Premier [Kim Il Sung] once I return. We are very grateful that China is doing as much as it can to satisfy our requests.

Zhou: Do not thank us. We still have not fully satisfied [your requests].