

March 9, 1985

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

Citation:

"Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry", March 9, 1985, Wilson Center Digital Archive, MOL, XIX-J-1-k Korea, 1985, 76. doboz, 81-532, 2745/1985. Obtained and translated for NKIDP by Balazs Szalontai.
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Summary:

The Soviet Union and DPRK enter negotiations to build a nuclear power plant, and "practically reach a preliminary agreement." North Korea views the construction as being a means of increasing economic and political prestige.

Original Language:

Hungarian

Contents:

Translation - English

As I already reported by telegram, from February 4 to 12 a GOSPLAN [Soviet National Planning Office] deputation led by a head of department had negotiations in Pyongyang. Their discussions covered primarily the nuclear power plant to be built with Soviet cooperation. Premier Kang Seong-san [Kang Song San] emphasized to the deputation that the project to be built was not only of economic but also of political importance. On the one hand, they would like to offset the fact that a nuclear power plant is already in operation in South Korea; on the other hand, [the project] is to enhance the DPRK's economic prestige in foreign eyes. Their conceptions will be made final during the talks that he [Kang] is due to have in Moscow this spring.

On the basis of a previous unspecified agreement, they practically reached a preliminary agreement on the terms of planning, construction, operation, and payment as well as on legal conditions. With regard to the terms of payment, the interest rate on the credit of 2 billion dollars that the Soviet side is supposed to give has not yet been specified. The Korean side tries to insist on the previous rate of 2 percent, whereas the Soviet side proposes an agreement on 4 to 6 per cent. The Korean minister of foreign trade had talks about this issue in Moscow, and [the two sides] are expected to reach a final agreement during the visit of the [North Korean] premier. The Korean side will contribute to the investment costs with the same amount of money.

The selection of the construction site, in accordance with the relevant international standards, is in progress, and, according to the Soviet side, it may last as long as two years. The Koreans selected six sites, which are now being geologically and seismographically located by land and air. The industrial area of Hamheung, situated on the coast of the Sea of Japan and equipped with proper infrastructure, seems to be the most probable site. The prospective length of construction time constitutes a problem. The Korean side would like to complete the construction [of the nuclear power plant] in five years, whereas the Soviet experts estimate that it will take 10 to 12 years.

Plans are prepared by the Soviet side; this is facilitated by the fact that a [nuclear] power plant of a similar capacity was already built in Cuba. The reactor, the blocks, the safety zone, and the supply units will be built by Soviet experts. For 5 years after their completion, all these facilities will be operated under the guidance of Soviet experts. The other related units, the external and biological safety zone, and the supply units will be built by the Korean side.

An agreement was reached that equipment of COMECON origin would be procured, with Soviet cooperation, by the Korean side, while convertible equipment would be ordered and paid for by the Soviet side, to the account of the Koreans.

The Korean side accepted that the construction and future operation of the power plant would be in accordance with the standards of the International Atomic Energy Agency, and, of course, that organization would be able to enforce its right to conduct inspections.

The leaders of the Korean work brigades will have to undergo further vocational training in the Soviet Union before the start of construction.

[North Korean] geological surveys for uranium ore will be speeded up with Soviet cooperation; the initial results are encouraging, but for a certain time the Soviet Union will provide the power plant with enriched uranium.

At his request, Comrade [Ferenc] Rátkai was informed about the aforementioned issues by the 1st secretary of the Soviet embassy, who is dealing with questions of economic policy.

Dr. János Taraba

ambassador