

January 10, 1964

**Note about a Conversation with Deputy Prime
Minister and Candidate for the Politburo of the KWP
Central Committee, Comrade Ri Ju-yeon**

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Summary:

Conversation between GDR Ambassador Becker and Pak Chunguk (leader of the First Department of the Ministry for Foreign Affairs) about their trade relationship, North Korea's improvement of product quality, and quantity of North Korean export articles.

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Confidential

N o t e

about a conversation with Deputy Prime Minister and Candidate for the Politburo of the
KWP Central Committee, Comrade Ri Ju-yeon [Ri Ju Yon], on 9 January 1964

The embassy had asked for this meeting.

In addition to the main partner in conversation, the following people were present from the Korean side: [redacted] the head of the 1st Department of the Ministry for Foreign Affairs, Comrade Park Chun Sook [sic]

- . an associate from the Ministers' Council
 - . a note taker
 - . a German-Korean translator from the Ministry for Foreign Affairs
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Providing respective explanations I presented the invitation letter for the Leipzig Spring Fair 1964 from the First Deputy of the Chairman of the GDR Council of Ministers, Comrade [Willi] Stoph, to the Chairman of the DPRK Ministers's Council, Comrade Kim Il Sung. At the end of my introductory remarks, I emphasized the importance of a DPRK representation at the fair for our bilateral relations, especially so in economic regards. Then Comrade Lee asked me about the respective character of the [Leipzig] Spring and Fall Fair. He wanted to know whether heavy industry will be strongly represented at the 1964 Leipzig Spring Fair. Comrade Lee commented on my remarks that the DPRK views the Leipzig Spring Fair as an important event to strengthen the GDR. [According to Lee,] the DPRK is always ready to support the GDR. However, the DPRK cannot participate with a collective exhibit since the products of the country have not yet reached the standard required for an international fair. Also, preparation time until early March will be too short. In 1967 the DPRK will have reached a quality level in its products, which will actually justify its participation at the fair. He continued, the Leipzig Spring Fair will also have major relevance for the development of trade between the socialist and capitalist countries. Any participation by a [DPRK] government delegation, respectively expert delegation, will yet have to be decided.

After Comrade Lee was initially reluctant to talk about the development of trade relations, he made the following statements later during the conversation: The 1964 Trade Agreement [between the DPRK and GDR] does not meet our [DPRK] expectations. Based on our level of development, the GDR has to be ready to make

concessions regarding the quality of our exports. Like a child, our DPRK industry cannot not develop instantly into a mature adult. If one looks in parallel at the list of desired exports provided by both sides during the course of trade negotiations, it becomes clear how the DPRK's requests are more extensive and varied. We need the assistance of the GDR. According to our information, the GDR is in need of further magnesia clinker also for 1964. The Soviet Union, Poland and even Australia import these goods from the DPRK.

After those words, I spoke extensively about the steps taken by the GDR to support the DPRK in its export of finished products. I emphasized how we also need the support of the partner country on a basis of mutual assistance. Here I also referred to the issue of deliveries of non-ferrous metals for our economy. The DPRK as well has imported products from the GDR where non-ferrous metals had been processed.

Comrade Lee replied: Even if domestic DPRK demand for non-ferrous metals will hardly increase in 1964, the DPRK still cannot meet its long-term [export] obligations to some of the socialist countries. Even currently, there already exists a deficit between 15 and 20 percent in export volumes. [DPRK] Exports of non-ferrous metals to capitalist countries amount to low percentages only. In order to establish or expand its relations with capitalist countries, the DPRK has to offer in the beginning especially its economic assets [like non-ferrous metals]. This is also true in part for [DPRK] relationships with young national states. The DPRK has planned for 1964 to meet a target of 10 percent of its foreign trade volume being reserved for trade with non-socialist countries. Currently the DPRK still falls behind this goal, but there are ongoing efforts to meet this target during the course of 1964.

Comrade Lee added: For some socialist countries, the business of non-ferrous metals already consists of one third of their foreign trade volumes. During the current year still, the DPRK will make major efforts to increase the level of non-ferrous metals. Until 1967 a big leap forward will have been achieved. Certainly the needs of the GDR will be better satisfied. Yet even then we will not be able to fulfill the GDR's requests completely.

I hinted that, given the existing domestic demand of the DPRK and the increased performance of the country, ways will be found to meet the GDR's requests for improvement regarding the quality of Korean finished products and the import of non-ferrous metals. I asked Comrade Lee about the ideas of the Korean comrades for the further development of [bilateral] trade in 1964, and whether they would consider to sign an additional agreement. Comrade Lee stated the DPRK is interested to expand trade relations between both countries, and it supports an additional agreement between both countries. He also agreed an agreement will primarily have to deal with providing more imports for the GDR. Yet he also attempted to explain how the GDR has to make greater efforts to meet the positions of the DPRK.

Again I demonstrated our efforts in preparation for the 1964 trade agreement and also referred to the planned exhibit by our foreign trade company for opto-mechanics. I let him know how our efforts were unfortunately not met by the corresponding readiness we had wished for on the Korean side. I expressed our hope that, after an evaluation of negotiations for 1964 by both sides, new opportunities for the trade of goods will come up. Here also a DPRK participation at the 1964 Leipzig Spring Fair could make a valuable contribution. In his response, Comrade Lee especially stressed the importance of the exhibit by the foreign trade company for opto-mechanics. He asked me to forward as soon as possible our requests concerning location and area size for the exhibit.

Assessment:

A participation by a DPRK government delegation at the Leipzig Spring Fair can hardly be expected. The political objectives of the fair do not match with the positions of the Korean leaders. The economic importance of the fair for the DPRK is still not yet sufficiently understood. Maybe an expert delegation will be sent in order to use the fair primarily for facilitating trade with the European capitalist countries and the extra-European non-socialist states. Despite all reservations, remarks by Comrade Lee indicated the DPRK is interested in increasing the exchange of goods during the current year. However, the willingness is still missing to undertake required efforts to increase the quality of DPRK export products. Here they mostly attempt to play us off against positions of some other socialist countries.

The conversation was held in a constructive atmosphere. Despite initial [Korean] reservations, it also displayed efforts towards future cooperation.

In the future we should send them an earlier [Leipzig Fair] invitation; though in this case our foreign trade representatives did make a timely submission to the Korean side regarding participation in the Leipzig Spring Fair.

[signed]
Becker
[Ambassador]

CC:

1x Comrade Kiesewetter [Deputy Foreign Minister]

1x Comrade Florin [SED Central Committee]

1x Comrade Schneidewind [1st Extra-European Affairs Department, Foreign Ministry]

1x Embassy/Secretariate