

June 12, 1960

**Report from the USSR Ambassador in the DPRK A.
Puzanov to the USSR Minister of Foreign Affairs
Cde. A.A. Gromyko**

Citation:

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Summary:

Puzanov forwards a report concerning the specifics of the state and direction of economic development in the DPRK, from the point in which the first five-year plan is completed.

Credits:

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USSR EMBASSY IN THE DPRK TOP SECRET

Copy N° 1

N° 101

12 June 1960

["Yu. I. Ognev", an illegible
addressee, and some document
numbers are handwritten
in the left margin]

TO USSR MINISTER OF FOREIGN AFFAIRS

Cde. A. A. GROMYKO

I am sending you the following documents sent to the Embassy by the Korean friends
on 10 June 1960 in connection with the upcoming talks in Moscow.

1. Concerning the state of and the further direction of economic development in the DPRK.
2. Concerning the popular uprising in South Korea.

ATTACHMENT: the aforementioned on 24 pages.

USSR AMBASSADOR IN THE DPRK [signature]

(A. Puzanov)

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the lower-left hand corner:
"The material was sent via
the 10th Department
13 June [[illegible signature]]"]

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TOP SECRET

Concerning the STATE OF and the further direction of economic development in the
DPRK

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Concerning the state of and the further direction of economic development in the
Korean People's Democratic Republic

In the past year we have fulfilled the first five-year plan (1957-1961) in gross
industrial output a little more than two years early and achieved certain successes in
socialist development.

The average annual growth of industrial production for the period from 1954 through
1956 and for the period 1957 through 1959 was 42.2% and 44.6% respectively, and
rose by 53% in 1959 compared to the previous year.

As a result of this industrial production in 1959 increased by more than six times in
comparison with the prewar 1949 year, which exceeded the 1961 level envisioned in

the five-year plan by 15%.

In 1959 we had 6.4 billion kilowatt-hours of electric power; 694,000 tons of cast iron and lyuppa [iron balls]; 451,000 tons of steel; 390,000 tons of chemical fertilizer; 8,854,000 tons of coal; 1,916 tons of cement; 158 million meters of textiles; and the fish catch reached 466,000 tons.

In 1960 it is expected to increase industrial production by 12.5% compared to the previous year. In the first quarter of this year the plan was overfulfilled by 7.5%.

As a result of the fulfillment of the first five-year plan to a certain degree the main basis has been laid for heavy industry. However, a basis of raw material still has not been created for light industry, including chemical fiber, and priority development of a fuel and energy base in the economy has not been provided.

The situation with foreign currency still remains strained.

Certain successes have also been achieved in the technical reconstruction of the countryside with the support of heavy industry.

The area of irrigated and waterless fields equipped with irrigation facilities is about 800,00 jeongbo, that is, more than 40% of total cultivated land. Thus, irrigation has basically been completed where it is comparatively easy to pursue an irrigation system.

To a certain degree a basis has also been laid for a heavy industry which is capable of conducting a rapid mechanization of agriculture at a high rate.

The total cultivated land of our country is about 2 million jeongbo; excluding fruit and mulberry plantations, it is about 1.8 million jeongbo.

If one excludes from the 1.8 million jeongbo land with areas of steep slopes, only 1.4 million jeongbo of land remains which is comparatively suitable for working.

In conditions with such limited cultivated land we have undertaken a series of steps to improve the yield per jeongbo. However, agriculture still lags behind rapidly growing industry.

The production of grain in our country does not exceed 35 million tons.

Inasmuch as the grain problem still has not been solved the foundation of animal husbandry is also at a low level.

As a consequence of this the lives of the population are still at a low level.

With the coming year we will start to carry out a seven-year plan (1961-1967).

The main thrust of the plan is to place the main emphasis on improving the lives of the population during the first half (the first three years of the seven-year plan).

To do this during this period we plan to create a strong raw material base for light industry by rapid development of the chemical industry, to expand medium-sized and small light industrial enterprises, and to concentrate efforts on the production of basic

necessities in order to speed up the mechanization of agriculture to ensure the priority development of the machinebuilding needed for agriculture.

During the second half of the seven-year plan we intend to put the main emphasis on the development of the energy and metallurgical industries and other key sectors of heavy industry.

In the next two or three years it is necessary to ensure the rapid improvement of the lives of the population inasmuch as the damage caused to the lives of our people by the war has still not been eradicated.

In our country's current situation it is imperative to show the South Korean population the advantage of the socialist system in the northern part of the Republic.

It is necessary to produce at least 300 million meters of textiles and more than four million tons of grain in the next three years to solve the problem of improving the lives of our people.

A number of difficult problems arise in connection with the successful accomplishment of the seven-year plan. In particular, it is necessary to solve the problem of accommodating the need for a certain quality of food grain, raw cotton, and other forms of raw material for light industry, and for fuel and timber. We are not in a position to cover all these needs with our own resources and here the problem with foreign currency is an extremely important problem.

Authenticated: [illegible signature] 11 June 1960]

□ Copy N° 2

Four copies printed

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1 - □ CPSU CC

2 - □ Cde. A. A. Gromyko

3rd - □ I. I. Tugarinov

4th - □ to file