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**Report from the Charge d’Affairs of the USSR in the
DPRK V. Pelishenko to the Chief of the USSR MFA
Far East Department Cde. I.I. Tugarinov**

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Summary:

Surkov discusses the development of the machine-building industry as one of the main elements for socialist industrialization in the DPRK.

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[handwritten: "to Samsonov
for a conclusion" [[illegible
signature]] 6 July 1960]

TO THE CHIEF OF THE USSR MFA FAR EAST DEPARTMENT
Cde. I. I. TUGARINOV

Attached we are sending you a memo from Embassy 3rd Secretary A. A. Surkov,
"Changes in the Direction of Development of the DPRK Machinebuilding Industry".
ATTACHMENT: the aforementioned on seven pages (secret)
on three pages (unclassified)

CHARGÉ D'AFFAIRES OF THE
USSR IN THE DPRK [signature]
(V. PELISHENKO)

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Changes in the Direction of Development of the DPRK Machinebuilding Industry

(memo)

After the surrender of the Japanese militarists the Korean Worker's Party and DPRK government adopted a course during the Second World War and especially after the three-year Korean war of the priority development of heavy industry with the simultaneous development of light industry and agriculture, taking steps to eliminate the colonial imbalance of the industrial structure and at the same time devoting attention to the development of machine building since Korea practically had no machine building of its own during the period of Japanese domination. The KWP CC and DPRK government have examined and are examining the machine building industry as one of the main elements in the construction of the basis of socialist industrialization and have exerted much effort to create and develop a Korean

machine building industry.

For example, whereas in the gross industrial output of the country the share of the production of the machine building and metalworking industries was only 1.6% in 1944, in 1949 this share was 8.1% and in 1959 it was already 14.3%.

The creation of the foundations of a machine building industry in the DPRK was an important aspect of the postwar economic policy of the KWP CC, playing a significant role in the struggle to eliminate the colonial imbalance in the development of the DPRK economy.

Provision was made for the further development the machine building industry in accordance with the first five-year plan for the development of the DPRK economy for 1957-1961 approved in March 1958 by the first KWP conference and approved later at the next session of the DPRK Supreme People's Assembly. Capital investment in machine building during the five-year plant was 8.358 million won, or 10.5% of all capital investment directed at DPRK industry during this period (capital investment during the three-year plan was 4.5 billion won).

The friends obtained consultations in the Soviet Union (in 1955 and 1957) and the People's Republic of China (in 1957) about the draft target figures of the five-year plan. The large volume of capital investment in the machine building industry and the high growth rate of the production of this sector of the economy by year and for the five-year plan on a whole provoked doubt among our planning organizations. Consequently it was suggested that capital investment be reexamined, meaning its reduction in machine building in particular.

In the field of machine building it was primarily proposed to concentrate efforts on the full use of existing resources, and also on speeding up the commissioning of a number of machine building plants under construction and the rapid startup of production in them. It was not recommended to pursue the planned construction of new machine building plants to produce textile machinery, motorcycles, ball bearings, woodworking machinery, construction machinery, and a heavy industry plant in the first five-year plan. Such an argument was explained by the fact that these enterprises will be unprofitable and impose a heavy burden on the country's economy as a consequence of the small amount of production.

It was also noted in the recommendations that the targets of the five-year plan to bring the number of machine tools in the economy up to 20-25,000 metal-cutting tools is excessive and that this ought to be reexamined in the direction of a reduction (according to data of 1 July 1959 the number of DPRK machine tools was 20,800).

The USSR Gosplan recommendations concerning the development of the machine tool industry were discussed by the friends but not completely taken into account. After drawing up the equipment balance sheets, the sources of raw material, and the assessment of capabilities, and also intending a reduction in the expenditure of foreign currency when it is in short supply, a decision was made to preserve the planned growth rates for machine building and develop it in the direction of producing small and medium-sized machines, and organizing the production during the five-year plan of such equipment as mining electric locomotives, looms, bicycles, sewing machines, telephone sets, general purpose generators up to 6,000 kilovolt-amperes, rail cars, air-drive mine car loaders, diesel engines, etc.

Considerable importance attaches itself to the rapid development of machine building. KWP CC and DPRK government leaders think that at the present time this is one of the most important conditions in the development of socialism in the DPRK. Consequently the September (1958) KWP CC Plenum pointed to the need to develop

not only small and medium, but also heavy machine building. In particular, it was noted that it is necessary to have 30-35,000 tractors and 20-25,000 trucks to basically finish the mechanization of agriculture in the next four to five years. The availability of small reserves of foreign currency and the limitations on the opportunity to export permit annual purchases of only 2-3,000 tractors and vehicles to be made in the Soviet Union and other countries of the socialist camp, which delays the mechanization of agriculture for a considerable period. Therefore a decision was made to also begin the production of Korean-made tractors and trucks.

Considerable successes have been achieved as a result of much work done to organize the manufacture of new types of products of the machine building industry. DPRK machine building plants have begun to produce cranes on vehicles, tower and traveling cranes, freight cars, diesel engines, cooling systems, universal drilling machines, radial drilling machines, automatic looms, spinning looms and other textile equipment, bands for rail car wheels, 200-hp air compressors, rotary pumps, SN-20 lathes, automatic scales, anti-friction bearings, escalators, bulldozers, mine electric locomotives, tractors, trucks, etc.

In connection with the solution of the problems concerning the mechanization of agriculture and the increase of production of agricultural products at the present time the KWP CC and DPRK government are attaching especially great attention to the fastest possible completion of the startup of the production of tractors and trucks.

The first models of the Soviet VTZ-28 tractors and GAZ-51 trucks were produced by the Kiyon [sic] Tractor and Deokcheon Vehicle Plants in 1958 from sketches and drawings made from parts of these machines' assemblies. The lack of completely developed Soviet technical documentation could not fail to be reflected in the organization of the production and quality of these machines. In 1959 102 tractors and 120 trucks were produced. However, according to the conclusion of Korean specialists, these machines have considerable differences among themselves, and represented a sort of new type of tractor or vehicle, since because of imperfections of the technical documentation which, as has already been pointed out, was prepared from sketches and drawings made from parts, all the assemblies were not able to be interchangeable and required the manufacture of custom-built parts in each individual case.

After the receipt of Soviet technical documentation and drawings for the VTZ-28 tractor and GAZ-51A truck in 1959 completely covering all the production processes of the tractors and vehicles, and also of the documentation and drawings for the manufacture of the necessary equipment, mechanisms, and stamps preparations were started to start the production of tractors and trucks according to the Soviet drawings.

The Kiyon [sic] Tractor and Deokcheon Vehicle Plants are collaborating with a considerable number of DPRK enterprises in the production of assemblies and parts for the tractors and vehicles. For example, only 1,700 of the 3,024 names of tractor parts and assemblies are produced at the Kiyon [sic] plant. Through the collaboration system 12 other enterprises supply electrical equipment, rubber, plastic parts, cast steel, and rolled metal. However, late delivery of parts and materials from the supplier plants is being observed, which does not allow the necessary stock of assemblies to be accumulated.

All kinds of ball bearings, electrical equipment and instruments, steel pipes, rolled non-ferrous metals, and rubber hoses are delivered from the Soviet Union to the Kiyon [sic] Plant in a timely manner.

The Deokcheon Vehicle Plant is collaborating with 25 DPRK enterprises. Electrical equipment and instruments, ball bearings, and carburetors come from the Soviet

Union. There are a number of objective difficulties at these plants such as a shortage of experienced technical personnel, equipment, etc. Nevertheless, as a result of the work done by the collectives of the tractor and vehicle plants there are grounds to think that the 1960 plan approved by DPRK Gosplan for the production of 3,000 tractors and 3,000 vehicles will be basically fulfilled.

The rate of production of the tractors and vehicles is constantly growing. For example, in January 92 trucks were produced at the Deokcheon Plant, and already 115 in February. In March the monthly plan was fulfilled - 180 vehicles were produced - and in April 210 vehicles were produced. As of 1 June, 800 vehicles had been produced. The collective of this enterprise has taken upon themselves a commitment to produce 300 trucks above plan by the end of the year. This fact demonstrates the growth of the rate and labor productivity: whereas in January 3,500 hours were spent on the manufacture of all the parts and assemblies and the assembly of one vehicle, it was [down to] 2,114 hours in March. The plant's collective set the task of reducing this number to 980 hours by the end of the year.

The pace is also picking up at the Kiyan [sic] Tractor Plant. Whereas the plant had produced a total of 274 tractors against the annual plan by 11 March of this year, 200 tractors were produced in April. As of 1 June 740 tractors had been produced. The manual laborers and office workers also have taken upon themselves a commitment to produce 300 tractors above plan by the end of the year.

The production workers and engineering and technical personnel of these plants express complete satisfaction and gratitude in connection with the fact that they have the Soviet drawings and are completing the preparation of the entire technical process for the production of the tractors and vehicles according to the Soviet drawings and standards, and express confidence that this commitment will allow them to fulfill the tasks which have been set.

While successfully solving the process of increasing the rate of production of new kinds of machines and equipment the friends are still devoting insufficient attention to increasing the quality of the output being produced. For example, they are not maintaining the technical requirements of production precision when manufacturing the spiral bevel gears of the rear axle, the crankshaft, the gear boxes, and distributor shaft of the truck. Because of a lack of some kinds of metal the mechanical engineers were forced to use metal of other types to manufacture parts. This leads to the frequent failure of the vehicles manufactured. For example, one of the vehicles ended up unusable for further operation after traveling 100 km.

The external marketable condition of machines produced in the DPRK, including the tractors and vehicles, also lags considerably behind similar machines produced in the Soviet Union and other countries.

At the present time the DPRK machine building industry is represented by a considerable number of plants (see attachment N^o 1) equipped to a considerable degree with modern equipment which allows an organization the ability to produce complex machines and mechanisms. Efforts were also stepped up to expand production areas (see attachment N^o 2).

However, at many enterprises of the machine building industry proper attention is still not being paid to increasing the quality of the output being produced, a high percentage of defective goods are permitted, and regular preventive maintenance is poorly organized, which leads to premature wear and equipment failure; equipment on hand is not with sufficient skill or correctly. Additional difficulties are created in fulfilling the state plan because of insufficient experience in the disposition of forces and the use of manual laborers and office workers of enterprises. There is not enough machining equipment, especially precision machines and press-forging equipment,

and there are still not enough skilled workers. As the quantitative output of new types of vehicles grows, including tractors and vehicles, the economic indicators of their production improves, although the prime cost of these machines is still high.

Great changes have recently occurred in spite of a number of shortcomings which exist in the DPRK machine building industry. During the organization of the manufacture of new types of machine building products some difficulties caused by the aforementioned shortcomings still occur. However, the high rate of socialist development in the cities and villages of the DPRK, the corresponding base of machine building created in the country confirm the appropriateness of these changes in the direction of the development of Korean machine building.

Third Secretary of the USSR
Embassy in the DPRK [signature]
(A. SURKOV)

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Drafted by Surkov
21 June 1960

Attachment Nº 1

The Primary Machine Building Plants of the DPRK
[Translator's note: the first word of each plant is partially off the page due to a reproduction error]

| □□□ | □□□□ |
|-----------------------------------------------------------------|------|
| Plants | |
| Production area in thousands of square meters | |
| Number of workers in thousands | |
| Primary production □□□ | □□□□ |
| Wonsan machine building plant | |
| 35 | |
| 5.0 | |
| compressors, hoists, pumps, rolling mill equipment □□□ | □□□□ |
| Kuson mining equipment plant | |
| 20 | |
| 3.7 | |
| Hoists, drilling machines, mucking machines, drag conveyors □□□ | □□□□ |
| Kuson machine tool plant | |
| 35 | |
| 3.3 | |
| 1000 metal-cutting tools, tractor assemblies and parts. □□□ | |

□□□□

Huicheon machine tool plant

20

3.7

1000 metal-cutting tools, automobile assemblies and parts. □□□

□□□□

Unsan instrument plant

19

3.3

metal-cutting instrument: screw cutters, rotary tools, drills, nibs, reamers, cutting tools, etc. □□□

□□□□

Deokcheon vehicle plant

20

4.3

GAZ-51 trucks □□□

□□□□

Kiyon [sic] tractor plant

13

4.3

VTZ-28 tractors □□□

□□□□

Huicheon precision machine building plant

20

...

perforators, pistons, piston pins, oil pumps, rings, shock absorbers, etc. □□□

□□□□

Nagwon machine building plant

...

3.0

tower cranes, vehicle-mounted cranes, grinders, excavators, etc. □□□

□□□□

Bukcheong machine building plant

40

5.0

bulldozers, internal combustion engines, boilers □□□

□□□□

Pyongyang steam engine rail car repair plant

50

4.0

repair of steam engines and rail cars, the production of boxcars □□□

□□□□

Wonsan steam engine rail car repair plant

50

4.0

" □□□

□□□□

Daeon electromechanical plant

...

...

electric motors, transformers, generators, copper [wire] □□□

□□□□

Chuel electromechanical plant

32

4.0

porcelain high-voltage insulators, circuit breakers, etc. □□□

□□□□

Pyongyang electromechanical plant

40

4.1

electric motors, electrical equipment for vehicles, electric clocks, washing machines, etc. □□□

□□□□

Pyongyang precision instrument plant

...

2.0

scales, radiators □□□

□□□□

Muncheon fittings plant

...

1.5

carburetors, water pipe and heating fixtures □□□

□□□□

Pyongyang abrasive plan

...

0.3

abrasive items □□□

□□□□

Nanam machine building plant

...

1.4

winches, carts □□□

□□□□

Pyongyang light bulb plant

...

...

light bulbs, lighting equipment, and fittings □□□

□□□□

communications equipment plant in Nampo

...

...

telephone and telegraph sets and other weak-current equipment □□ □□

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Attachment N° 2

The expansion of production areas at machinebuilding plants

□□□

plants
departments
production area in thousands of square meters

Wonsan machine building plant
assembly department
20.0

Kuson mining equipment plant
foundry,
assembly department
14.0

10.0
Daean electromechanical plant
assembly department
10.0

Deokcheon automotive plant
foundry,
molding shop
15.0

3.0
Nagwon machine building plant
assembly department
6.5

Bukcheong machine building plant
assembly and mechanical departments
30.0

Huicheon precision instrument plant
assembly department
4.0

Kiyan [sic] tractor plant
machine assembly department,
foundry
25.0

15.0