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Recent Soviet and Communist Chinese Aid to North Korea

After the February 1965 visit of Soviet Premier Kosygin to North Korea, economic relations improved considerably. In June 1966, North Korea concluded an economic cooperation agreement with the USSR which probably included aid provisions for many of the unfinished projects of the 1961 agreement. By 1970, completed Soviet-assisted projects included the Kimchaek Iron Works, the Pukchang Thermal Power Plant, the Nampo Iron Works, the P'yongyang Thermal Power Plant, the Hungnam Chemical Plant, and the P'yongyang Textile Plant. In addition, the USSR is providing assistance for the construction of an oil refinery capable of producing 2 million tons of refined products.

Soviet trade statistics provide the only consistent set of information on the value of drawings under the 1966 agreement. The following tabulation lists North Korea's trade with the USSR:

	Million US \$		
	<u>North Korean Imports</u>	<u>North Korean Exports</u>	<u>North Korean Balance</u>
1965	89.9	88.3	- 1.5
1966	85.6	92.3	+ 6.7
1967	110.3	108.0	- 2.3
1968	172.2	120.9	-51.3
1969	201.6	126.6	-75.0

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Until 1968, North Korea's trade with the USSR in the 1960's was roughly in balance. Since 1968, however, imports have far surpassed exports and a deficit of almost \$130 million has been generated. An additional deficit of \$60-75 million may have been generated during 1970.

Two new aid agreements were concluded in 1970 with the USSR and Communist China, and in neither case was the value of the agreements announced. On 15 September 1970, North Korea concluded an aid agreement with the USSR for the expansion of the machine building industry and expansion of other industrial enterprises. The agreement also stipulates that the products of the machine building industry will be exported to the USSR and probably represent repayment for the credit. Less information is available on the aid agreement concluded with Communist China in October 1970. However, the presence of the Chief of Staff of the Chinese Army may indicate that military aid was involved as well as economic aid.

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