

In a discussion with A. Lazar on July 29th, the First Secretary of the Czechoslovak Embassy in Pyongyang, I. Horjenevski, pointed out the following issues:

1. 'Although the DPRK did not pay back its old loans in July, it came to us to ask for new credits, amounting to 400 million rubles.['] The Czech diplomat mentioned that the North Koreans asked for this five-year credit to modernize and expand the production capacity of five industrial plants, among which he mentioned the underground equipment plant at Hoecheon (built by Czechoslovakia during the war), a military chemical plant and three other plants.

Because the request of the Koreans exceeded the current technical capacity of Czechoslovakia and implicitly [they exceeded] the acquisition by the Czechs of modern equipment and machinery from the West, and given that the conditions under which the North Koreans could pay back the loan were disadvantageous [to the Czechs], the Czechoslovak Socialist Republic refused to grant the DPRK the loan.

I. Horjenevski underlined that Czechoslovakia has had a very unpleasant experience with giving loans to the DPRK, as North Korea is very bad at paying back its dues: it makes lots of promises up to the moment when it gets the credit and then, it invokes all sorts of pretexts to change the terms of the payments as it sees fit.

'We don't like to we buy machinery and equipment from the West, paying a very high price in hard currency, for Korea to send us in exchange ceramics, glassware, magnesite and ... promises of tinted metals.'

On the issue of the cooperation agreement between the academies of Czechoslovakia and North Korea, which was signed recently in Prague, Horjenevski said that in this area the North Koreans had made some very bold requests once again. For instance, the DPRK managed to secure funding from Czechoslovakia for the training of ten specialists and researchers for two and three years each. Also to the advantage of the Koreans, Czechoslovakia will send teams of specialists and technicians to the DPRK, to work in areas like cartography, geology, etc.

2. On a different topic, the Czech diplomat informed A.I. Lazar that on July 22nd he had a talk with Kim Gyeong-yeon [Kim Kyong Yon], the Deputy Head of the Foreign Relations Department in the Workers' Party of Korea Central Committee, who told him that at the Plenum Meeting of the Central Committee of the Workers' Party of Korea, there had been several divergences on matters related to the political and economic planning arrangements adopted at the Party Conference from last year. Kim Gyeong-yeon said that 'within the party leadership, there were some elements that did not understand and opposed the economic development and defense strategies devised at the Party Conference, which postulated the parallel development of the two domains. At the Plenum, these elements were fiercely fought against, and some of those who proved hostile to these lines after the October 1966 Party Conference were removed from their party functions.'

The diplomat said that the Deputy Head of the Foreign Relations Department in the Workers' Party of Korea Central Committee avoided giving the names of those removed from their functions, and instead of answering the question that the Czech diplomat asked, underlined that 'currently, we are emphasizing more than ever on maintaining the monolithic unity of our party around Kim Il Sung and the Central Committee, even if it means putting our lives on the line.' A. I. Lazar mentioned that this crucial statement from Kim Gyeong-yeon has lately appeared more and more frequently in the North Korean press. I. Horjenevski added that on the occasion of his recent visit to the Workers' Party of Korea Central Committee, he noticed soldiers armed with automated guns on the hallways of the Central Committee headquarters, in addition to the usual security officers who have been assigned fixed positions.

Signed: N. Popa