

Draft Resolution of the Council of Ministers of the USSR "On Providing Assistance to China in the Construction of Industrial Enterprises Planned by the Five-Year Plan of the PRC"

Spring 1953

On providing assistance to China in the construction of industrial enterprises planned by the five-year plan of the PRC

In connection with the request from the Chinese Government for assistance in the construction of industrial enterprises planned by the five-year plan of the People's Republic of China, the Council of Ministers of the USSR RESOLVES:

To instruct the Ministry of Internal and External Trade of the USSR, in collaboration with the ministries acting as general suppliers:

1. To conduct negotiations with representatives of the Chinese Government regarding the execution of design work, equipment supply, and the provision of other forms of technical assistance in the construction and reconstruction of enterprises in the ferrous and non-ferrous metallurgy, coal, oil, and chemical industries, power plants, machinery manufacturing enterprises, light industry, military industry, and other industrial sectors.

In these negotiations, proceed on the basis that the Soviet Government agrees to ensure the execution of design work, equipment supply, and the provision of technical assistance in construction (author's supervision), in the installation of equipment, and the commissioning of enterprises in the amount of approximately 3.6-4.2 billion rubles and within the deadlines specified in Appendices No. 1 and 2, including:

- For enterprises in heavy industry, two metallurgical combines with a capacity of 1.2-1.5 million tons of steel per year for each combine in the first phase;

- Nine non-ferrous metallurgy enterprises for the production of 30,000 tons of tin, 75,000 tons of aluminum, 10,000 tons of molybdenum concentrate, 130,000 tons of vanadium concentrate, and 30,000 tons of tungsten concentrate per year;

- Eight coal mines and one coal open pit with a total capacity of 19.9 million tons of coal, and three coal enrichment plants with an annual capacity of 5.5 million tons of coal;

- Three chemical plants with an annual production of 65,000 tons of synthetic rubber and 90,000 tons of ammonium nitrate.

- One oil refinery with a processing capacity of 1 million tons of crude oil per year;

- Three plants for the production of 75,000 tons per year of metallurgical, mining, and oil equipment;
- One turbine plant for the production of medium-capacity steam turbines with an annual output of 360,000 kW, expandable to 600,000 kW;
- Two machine-building plants for the production of heavy and medium-duty machines with a total capacity of up to 26,000 tons per year;
- One automobile plant with an annual production of 60,000 GAZ-51 trucks;
- One tractor plant with an annual production of 15,000 tractors per year;
- One ball bearing plant with a capacity of 10 million bearings per year;
- Six electrical machinery manufacturing plants, including one plant for the production of turbo-generators with a total annual capacity of 360,000 kW, expandable to 600,000 kW, and nine power plants with a total capacity of 313,000 kW.

For the defense industry enterprises:

- Two aircraft manufacturing plants;
- Two aircraft engine manufacturing plants;
- Four plants for the production of assemblies and aviation instruments;
- Four aircraft and aircraft engine repair plants;
- Two tank and diesel engine manufacturing plants;
- One plant for the production of mines and depth charges;
- Two artillery plants;
- One plant for the production of optical instruments;
- Seven plants for the production of ammunition;
- Three plants for the production of gunpowder and explosives;
- One plant for the production of gas masks;
- One plant for the production of searchlights;
- Three plants for the production of radar equipment;
- Two plants for the production of radio equipment.

2. To provide a preliminary agreement to the representatives of the Chinese Government for the execution of design work, with the subsequent determination of the volume and timing of equipment supply:

- For non-ferrous metallurgy enterprises listed in Appendix No. 3.

The number of enterprises, their capacity, and the deadlines for design and equipment supply will be established after studying materials on non-ferrous metal ore reserves by Soviet specialists in China.

3. Inform the representatives of the Chinese Government that:

a) Soviet organizations will carry out design work, supply equipment, and provide technical assistance in the construction of two out of the four declared metallurgical plants (Baotou, Dae, Shidzishan, and Bensi) in the first phase for each plant with a capacity of 1.2-1.5 million tons of steel with a complete metallurgical cycle, according to the following schedule: for one metallurgical plant, design work from 1954 to 1956, equipment supply from 1956 to 1958, and for the second metallurgical combine, design work from 1955 to 1957, and equipment supply from 1957 to 1959.

Chinese organizations will be required to provide geological data for two out of the four plants by the first quarter of 1954, and the construction sites will be determined by the Chinese Government.

The program for conducting geological and research work will be coordinated within a month.

b) Enterprises listed in Appendices 1 and 2 will generally be designed by Soviet organizations according to established specialization in the USSR. In this regard, the production of parts, semi-finished products, products, and materials of a component and ancillary nature listed in Appendix 5 should be organized by the Chinese Government at existing or newly constructed enterprises.

A detailed list of these semi-finished products, products, and materials, as well as their technical characteristics, will be provided to Chinese organizations during the design process.

c) The selection of enterprises for reconstruction for the production of military products will be carried out by the Chinese Government in consultation with specialists from the general suppliers.

The Soviet Union agrees to provide licenses for the right to manufacture products, including weapons and military equipment intended for mass production at the enterprises listed in Appendices 1 and 2, to the Government of the People's Republic of China, free of charge. This includes the transfer of technical documentation, including confidential and top-secret materials, product drawings, specialized tools, technological charts, technical specifications, and materials used in production, along with state standards (OST), industry standards (GOST), and special standards (WEST).

d) The Chinese Government is granted permission to dispatch 50 additional Soviet geologists to China, in addition to the 16 geologists previously sent, for a period of up to two years. Their purpose

is to assist in organizing a geological service, conducting geological survey work, and providing practical training for Chinese geologists.

e) The Chinese Government is allowed to send Soviet specialists to assist in the development of comprehensive plans for electrification, the expansion of ferrous and non-ferrous metallurgy, machine building, and shipbuilding.

f) The dispatch of Soviet specialists to China to conduct an assessment of the available materials and to assist the Government of the People's Republic of China in developing a plan for the electrification of the country.

6. Recommend to the Chinese side, instead of constructing new plants as requested by the Chinese Government, to organize the production of mining electric locomotives, electric furnaces, coke and crushing-grinding equipment, as well as cranes, including metallurgical cranes, at existing plants. Agree to provide technical documentation and consultation for setting up the production of the mentioned equipment.

7. Recommend to the Chinese side, in order to carry out a portion of the project work for the enterprises listed in Appendices 1, 2, and 3, and for the training of domestic personnel in designing and implementing planned construction, to establish Chinese design firms for the design of metallurgical, chemical, machinery, and electrical plants, power plants, coal mines, and military industrial enterprises.

8. In negotiations with representatives of the Chinese Government on the reimbursement of the cost of equipment to be supplied to the enterprises listed in Appendices 1 and 2, as well as project work and other forms of technical assistance, proceed as follows:

a) The Chinese Government should provide goods to the Soviet Union in the period 1953-1960 in the amount of 3.6-4.2 billion rubles approximately, with the distribution of these goods according to Appendix 4;

b) Prices and other conditions for the supply of Chinese goods should be determined annually based on a trade agreement;

c) In case of changes in the cost of equipment for industrial enterprises, project work, and other forms of technical assistance, the cost of Chinese goods will be accordingly adjusted; these adjustments will be made when concluding annual trade agreements.

9. Within a month after negotiations with representatives of the Chinese Government, report to the Council of Ministers of the USSR on the results of the negotiations and submit proposals on this matter.