

Report: Russia to Forgive North Korea's \$11Bln Debt

September 14, 2011

The  **Moscow Times**

Russia will write off North Korea's \$11 billion debt, Izvestia reported on Wednesday, citing a source close to the Finance Ministry.

Russia has proposed a scheme under which 90 percent of the debt — some of it Soviet-era — will be written off, and the remaining 10 percent will be invested in joint projects in North Korea. Pyongyang has given its preliminary consent to the proposal.

The source gave two reasons for the move: First, nothing can be recovered from North Korea because it is insolvent. Second, the debt is obstructing efforts to establish economic ties.

"The same problem has been resolved with almost all debtors. We have written off part of Vietnam's debt, converted part of it into investment, and the remaining part is being repaid in goods and services," said Alexander Fedorovsky, executive secretary of the Institute of World Economy's Center for Asia Pacific Studies.

The Finance Ministry has not confirmed the report.

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