

Kremlin Writes Off Most of North Korea's Debt

By [The Moscow Times](#)

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Russia said Tuesday that it had agreed to write off 90 percent of North Korea's \$11 billion debt and would reinvest the balance in the reclusive Asian state, in a sign of closer engagement with Pyongyang under new leader Kim Jong-un.

By writing off most of the sum owed by North Korea, the Kremlin granted a level of forgiveness in line with debt reduction deals it has given to its most impoverished debtors.

Moscow said the remaining \$1 billion or so of the debt racked up by Pyongyang when it was a client state of the Soviet Union would go toward energy and education deals as well as development aid.

"It will be decided later ... for what purposes the funds received for the repayment of this debt will be used," Konstantin Vyshkovsky, head of the debt department at the Finance Ministry, said.

Parts of the international community have been seeking to re-engage with North Korea since the death of Kim Jong-il, amid hopes that his son and successor would seek ways to end years of isolation and poverty.

Analysts believe infrastructure deals will likely be a big part of the investments, including in railway and power lines.

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