

Russian Duma Receives \$10Bln North Korean Debt-Forgiveness Bill

By [The Moscow Times](#)

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North Korean leader Kim Jong-un (center). **Flickr / Zennie Abraham**

A bill forgiving \$10 billion dollars of North Korea's \$11 billion debt to the Soviet Union has been submitted to the State Duma.

The remaining \$1 billion will be not be returned to the Russian treasury, but will be plowed back into North Korean health care, education and energy projects over a 20 year period as "debt for aid," Kommersant reported Wednesday.

The bill calls for the ratification of an agreement reached by the Finance Ministry and North Korea in Sept. 2012 settling the debt accumulated by dribs and drabs in the decades before the fall of the Soviet Union. The two nations calculated the \$11 billion figure by using the Soviet exchange rate of 67 kopecks — an amount currently worth \$0.02 — to the dollar. If the exchange rate at the time of the deal were applied, the debt would have been worth about \$238 million.

Since Soviet Union's dissolution in 1991, talks on the repayment of the debt have consistently stalled, and the deal was viewed as a significant step towards cooperation after North Korean leader Kim Jong-un took power in spring 2012 after the death of his father.

Though President Vladimir Putin signed a decree implementing additional UN sanctions against North Korea in December, the country — viewed by many nations as a dangerous pariah — has increased ties with Russia in recent years. Russian Railways [completed a rail link](#) connecting the Russian city of Hasan and the Korean port of Rajin last year.

State-run Russian companies hope to connect to South Korea by reviving a trans-peninsula railway and building a gas pipeline to North Korea's southern neighbor.

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