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Russia Boosts Ties With North Korea as Western Partners Recoil

By Peter Hobson

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Russia and North Korea will begin transactions in rubles.

Russia is boosting its bond with North Korea amid frozen economic relations with the West, cutting out the dollar and switching to rubles from settle their trade payments from this month and aiming to reach $1 billion in trade turnover by 2020.

At a meeting of an intergovernmental commission in Vladivostok on Thursday, Russia agreed to allow North Korean companies to open accounts in Russian banks, enabling the two countries to "significantly ease and accelerate trade and economic cooperation," RIA Novosti quoted Russia's Far East Development Minister Alexander Galushka as saying.

Galushka also said Russian companies may gain access to North Korean gold and metal mines, and that specific exploration and extraction projects had been discussed. North Korea, meanwhile, agreed to simplify the visa process for Russian businessmen and to allow them to use the Internet and mobile communications while in the country, an unthinkable luxury for

locals, RIA Novosti reported.

Russia has been developing relations with Asian countries for years, but the urgency of finding new allies peaked when Western countries imposed sanctions against Russian individuals and companies in response to Russia's annexation of the Crimean peninsula from Ukraine in March. Russian officials and companies signed a series of major agreements and contracts — including a $400 billion gas supply deal — with China during President Vladimir Putin's visit to the country in May, and North Korea seems next on the list.

According to Galushka, the packet of deals was reached thanks to Russia recently writing off the bulk of North Korea's $11 billion debt, primarily a holdover from the Soviet era, when the two countries were allies behind the Iron Curtain. President Vladimir Putin wiped 90 percent of that debt clean on May 5, leaving about $1.1 billion, which North Korea will pay off over a 20 year period.

Galushka added that the two countries intend to boost their bilateral trade turnover to $1 billion by 2020. In 2013, trade between Russia and North Korea amounted to almost $113 million, a 64-percent increase from 2012.

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