



Media Note
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Afghanistan Wins Generous Debt Reduction in Paris Club

On July 19, the group of major official creditors known as the Paris Club reached agreement on significant debt reduction with the Government of Afghanistan. The cancellation of approximately \$10.4 billion in external debt amounts to a total 92% reduction of Afghanistan's debt to its three Paris Club creditors, Germany, the Russian Federation and the United States. A joint State-Treasury delegation led the U.S. effort to achieve this generous treatment of Afghanistan's debt as part of the U.S.'s broader efforts to support Afghanistan as it rejuvenates its economy.

This was the first step towards the 100% debt relief that the three creditors indicated their intention to provide on the occasion of the January 2006 London Conference. The three creditors intend to cancel the remaining debt under the enhanced Heavily Indebted Poor Country (HIPC) initiative. The agreement in the Paris Club also calls for comparable treatment from Afghanistan's other bilateral creditors. Afghanistan's debt to the U.S. is approximately \$108 million.

This debt relief will be an important step towards normalizing Afghanistan's relations with the international financial community and helps advance Afghanistan on the road towards economic sustainability.

Further questions regarding this debt deal may be addressed to the Bureau of Economic and Business Affairs, 202-647-0677.

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