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PRESS RELEASE**The treatment of the debt of Afghanistan**

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The government and people of Afghanistan are working diligently to build a sustainable free-market economy despite many challenges. One of these challenges is the heavy debt burden inherited by the democratic government. In his speech on January 31 at the London Conference on Afghanistan, President Karzai announced that Afghanistan intends to seek debt relief from its international creditors through the Paris Club.

The Russian Federation being the largest creditor of Afghanistan intends to settle the debt Afghanistan owes to the Government of Russian Federation, on a multilateral basis in the context of the Heavily Indebted Poor Countries Initiative, through the Paris Club process and subject to our respective domestic legal requirements. This process could be facilitated by the steps of the Government of Afghanistan aimed at promoting trade and economic cooperation with the companies of the creditor countries on a non-discriminatory basis.

In this context, a successful implementation by Afghanistan of the HIPC Initiative process and satisfactory relations with the international community would result in a 100 percent cancellation of its debt towards the Russian Federation.

The Russian Federation accounts for the vast majority of Afghanistan's total bilateral external debt, whose magnitude presents an insurmountable barrier to Afghanistan's developing a sustainable economy. The solution of the debt problem will strongly contribute to ever broader development of Afghanistan's trade, economic and investment cooperation with its major creditors and with the rest of the world.

We urge all other bilateral creditors to join us in this crucial effort.

February 6, 2006