

**PARIS CLUB**

**PRESS RELEASE**

**THE PARIS CLUB AGREES ON A REORGANIZATION  
OF RUSSIA'S DEBT.**

**CREDITOR COUNTRIES EXPRESS THEIR READINESS  
TO DEAL WITH THE RUSSIAN FEDERATION'S DEBT  
AIMING AT COMPREHENSIVE SOLUTIONS AT A LATER STAGE.**

1. The Paris Club met in Paris from July 29 to August 1, 1999 with the representatives of the Government of the Russian Federation in order to deal with the request of the Russian Federation to alleviate its debt service. An agreement was concluded on August 1, 1999.

2. The Russian delegation, headed by Mr. Mikhail Kasyanov, Minister of Finance of the Russian Federation, described the economic and financial difficulties faced by its country. It confirmed the strong determination of the Government of the Russian Federation to stabilize the macroeconomic situation and to implement fully the program supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the International Monetary Fund on July 28, 1999.

The representatives of the creditor countries noted the measures of adjustment in the economic and financial program undertaken by the Government of the Russian Federation and they stressed the importance they attach to the continued and full implementation of this program.

3. In that light, the representatives of the creditor countries agreed to recommend to their respective Governments a substantial reorganization of the external obligations of the Russian Federation, resulting from the debts owed to the creditor countries contracted by or guaranteed on behalf of the Government of the Former Soviet Union for which the Government of the Russian Federation has previously agreed to be responsible.

4. This agreement represents a significant contribution by the creditor countries to Russia's efforts toward economic recovery. The debts treated in this agreement amount to around 8 billion dollars of arrears and amounts falling due up to the end of 2000. The debts concerned will be repaid over the medium and long term.

5. In response to the request of the Russian Federation, the creditor countries expressed their readiness to consider further the situation of the Russian Federation's debt arising from Soviet era obligations, aiming at comprehensive solutions at a later stage, once Russia has established conditions that enable it to implement a more ambitious economic reform program. Discussions of the comprehensive solutions are expected to begin in the autumn of 2000.

## **Background notes**

1. The Paris Club was formed in 1956. It is an informal group of creditor Governments mainly from major industrialized countries (i.e. OECD). It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

2. The members of the Paris Club who took part in the reorganization of the Russian Federation's debt were representatives of the Governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States of America. Portugal, a creditor of the Russian Federation, also took part in this reorganization.

3. Observers at the meeting were representatives of the Government of Norway as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the UNCTAD, the European Commission and the Organization for Economic Cooperation and Development.

4. The delegation of the Russian Federation, headed by Mr. Mikhail KASYANOV, Minister of Finance, expressed its thanks to the members of the Paris Club for their help in strengthening the Russian Federation's economic and financial situation.

5. The meeting was chaired by Mr. Francis MAYER, Chairman of the Paris Club and Assistant Secretary for International Affairs at the French Treasury at the Ministry of Economy, Finance and Industry.