

## Remarks at Signing Ceremony for Bilateral Debt Agreement With Iraq

### Secretary Colin L. Powell

With Treasury Secretary Snow and Iraqi Finance Minister Al-Mahdi  
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(12:00 p.m. EST)

**SECRETARY POWELL:** Well, good afternoon, ladies and gentlemen. Minister Abd Al-Mahdi, Governor Shabibi, honored members of the Iraqi delegation, Excellencies, ladies and gentlemen, good morning and welcome to the State Department.



Secretary of the Treasury John Snow and I are pleased that all of you could be with us today for this historic event. My friends, in April of 2003, in the final days of Operation Iraqi Freedom, President Bush addressed the 25 million people of Iraq. And he said, "You deserve better than tyranny and corruption and torture chambers." He said to them, "You deserve to live as free people."

The United States has never wavered in our pledge to help the Iraqi people secure the blessings of liberty and to build a prosperous nation. Our coalition helped to remove a regime that enslaved its people in fear and bound them in shackles of debt and dishonesty.

Now, we are working with free Iraqis to once and for all eradicate the last vestiges of Saddam Hussein's brutal regime. As courageous Iraqi men and women lead their nation in a new, more hopeful direction, the international community must ensure that the path to progress is as clear as possible.

Lifting the crushing burden of the old regime's debt is one of the most important contributions we can make to Iraq's new beginning. The agreement our nations are signing today will erase all, over \$4.1 billion of Iraqi debt currently held by the United States' Government.

Our pledge will contribute to the generous debt-reduction efforts of the Paris Club of

creditor nations. Together, these 18 countries have come together and agreed to forgive 80 percent of the nearly \$39 billion of Iraqi debt that is held between them. This is a tremendous victory. It is a victory for the Iraqi people. It is endorsement of Iraqis' future as a people living in peace with their neighbors.

And we urge other nations who are not Paris Club members to reach comparable agreements on Iraqi debt relief. In fact, we hope that creditor nations will go even further, as we have done, and forgive all of Iraq's debt. Every dollar matters for the new Iraq. The nation's money is now nurturing a budding civil society and laying the foundation for a democratic future. Rather than financing the vices of an old tyrant, Iraq's treasures and resources are being used to bolster security and build infrastructure, to care for the nation's elderly and to educate its young people.

Mr. Minister, your tireless efforts, along with those of Governor Shabibi and other members of the Iraqi Interim Government, have been invaluable in securing international support for Iraq's debt reduction. President Bush and I appreciate your dedication and we know that you will continue to advance your country's economic reforms so that all of your fellow citizens can share in the hope of a new Iraq.

The United States Congress has also played a vital role authorizing and appropriating the funds necessary for Iraqi debt relief. So I would like to thank all of the members of Congress who are here this morning for their hard work and support on this historic initiative.

Though today's ceremony marks the conclusion of an important process, it is more a beginning than an end. In the coming months and years, the United States will continue to stand by the people of Iraq and the elected government that will soon speak on their behalf after the elections next month.

Supporting the cause of liberty is a duty the United States willingly accepts in Iraq and in other places around the world. We will bear all sacrifices that accompany this historic mission, just as we honor our soldiers and diplomats who give so much in order for others to live in freedom. This special responsibility will continue to define America's promise to Iraq, and today's agreement moves both of our nations one step closer to meeting our shared goals of peace and liberty.

And now it is my great pleasure to introduce my colleague, my fellow cabinet officer and someone who has given such energy and talents to this important effort, and enjoys responsibility, really, for bringing this to fruition today, the Secretary of the Treasury, John Snow.

(Applause.)

**SECRETARY SNOW:** Thank you. Secretary Powell, thank you very much, for those words. It's been a great pleasure working with you on this historic and important initiative, and it's a terrific pleasure to be here today with Minister al-Mahdi and Governor Shabibi for this important event. It was preceded, as many of you know, by an historic action by the Paris Club recently, in agreeing to very deep debt reduction for Iraq.



That was a significant milestone in Iraq's efforts to reconstruct itself and get on the path to prosperity and having a sound economy that fulfills the aspirations of its people. Minister Mahdi and Governor Shabibi played a tremendously important role in making that Paris Club agreement possible, and I want to commend both of you for those terrific efforts.

I also, though, want to call attention to the importance of the early commitment made by our G-7 colleagues, by Japan and by the UK, and others in that effort, and it was only -- what now? -- about two weeks ago, that in Berlin, Minister Eichel and I sat down and he indicated, on behalf of the German Government, that they would support the very deep reductions that came out of the Paris Club, and that made possible, ultimately, the resolution.

So I will always be grateful to Minister Eichel for the leadership he provided on this initiative as well.

But I also want to call attention to the extraordinary close relationship between the State Department and the Treasury Department in this whole effort. From the very first day that we recognized the need to go after the problem, to deal with the problem, that effort, joint effort by State and Treasury made possible the Paris Club agreement. And while many at the State Department and at Treasury deserve credit, none more so than your colleague, Under Secretary Larson, and my colleagues, Under Secretary Taylor and Olin Wethington, who have been living this issue for a long, long time now.

So following on the heels of the Paris Club actions, recent Paris Club actions, this action today in eliminating -- eliminating -- the Iraqi debt owed to this country is another critically important milestone on the path for prosperity in Iraq. What this agreement shows, of course, is our unwavering commitment to the Iraqi people and to their efforts to achieve sustainable reforms and stability for their country.

And with the signing of this agreement, the Iraqi Government is demonstrating once again their resolve to foster an economic environment that will be a source of stability and a source of hope for the people of that country.

The situation that Iraq faced, and continues to face in many ways, is unprecedented, and the response of the world community needed to be unprecedented as well. It's clear that Iraq faced unsustainable debt levels that threatened its ability ever to be reintegrated into

the larger global community. The situation had to be addressed, and to be addressed by the world community, and by this action today we are keeping faith. We, the United States, are keeping faith with the high aspirations of the Iraqi people.

Today we're taking an important step but it's clear more is needed. The U.S., the State Department, the Treasury Department, is playing a lead role in this initiative, are therefore ready to assist Iraqis in implementing the Paris Club agreement, including seeking comparable treatment from sovereign creditors who don't belong to the Paris Club. With Secretary Powell, I urge Iraq's other creditors to work quickly in forging agreements like this one that we will be signing today.

We look forward to working, Mr. Al-Mahdi and Governor Shabibi, with you to continue your historic efforts. Thank you very much.

(Applause.)

**FINANCE MINISTER AL-MAHDI:** Secretary Powell, Secretary Snow, ladies and gentlemen, good afternoon. As you all know, Iraq has been, since the early 1970s, a donor country, a country with per capita income equivalent to that of Spain or Greece. During two decades, all the fortunes and wealth of Iraq were destroyed.

Instead of having billions of reserves, Iraq accumulated billion of debts and the destruction and internal wars, external wars with our neighbors, ruined the whole country -- our infrastructure, our industry, even our oil sector.

With the liberation of Iraq, a tremendous work had been achieved with the help of our friends. We worked together, shoulder to shoulder, with the Treasury Department, with the State Department, with the White House, with the Security Council, with the Congress, with other friendly countries like UK, Japan, Spain, without mentioning the others; we worked together to reach an agreement in the framework of Paris Club.

That was a tremendous victory. Eighty percent of reduction to a middle-income country like Iraq was a precedent and a historical achievement. Only Yugoslavia got 67 percent of reduction, and their debts were 5 billion or so. Our debt was almost 127 billion.

When we returned to Iraq, certain media were saying, this is the second liberation of Iraq. And that's true. That is really our second liberation after the overthrowing of Saddam Hussein because liberating our economy is a very important process of liberating Iraq.

And I can say that the signing today of this agreement of the cancellation of 100 percent is a second and necessary success and sweet and following-up with the Paris Club agreement. It will keep on the momentum in this process. I am sure that other countries will join. I am sure that with the help of our friends, the Iraqis can reconstruct their country, can develop their country. We need each cent, each dollar, for the development

process.

So, on behalf of the Iraqi Government, on behalf of Dr. Shabibi and on my assistant, Dr. Azez, and the other assistant staff from Central Bank, Minister of Planning, from the other ministers, on behalf of the Prime Minister, I have to show all my gratitude to United States Government and for the American people. I have to show my gratitude to President Bush and to the Department of State and Treasury State -- Department -- sorry.

I have to show also my gratitude to the Congress, without forgetting of showing gratitude to Ambassador Bremer, who also worked on this project. So I really wish the American people all our best and Happy New Year. And thank you.

(Applause.)

(Minister al-Mahdi signs agreement.)

(Applause.)

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