

Labour announces plans for Overseas Loan Transparency Act

Ahead of the G20 Finance Ministers meeting this weekend, Labour announces plans for an Overseas Loan Transparency Act which will establish a new compulsory register of overseas loans.

The new Act will require all lenders from the UK to disclose loans to foreign governments.

Labour are is taking this action to put an end to exploitative secret loans to avert a new debt crisis for countries in the Global South.

Labour will take a stand against the injustice of countries having to divert money away from public services to repay unfair international debts at the same time as bearing the burden of a global climate crisis they did not create.

Countries such as Mozambique are already struggling under crippling debt burdens after London-based banks were able to issue secretive loans worth \$2 billion without the knowledge of Mozambique's parliament. Subsequent debt burdens have triggered an economic crisis in the country leading to rising inflation, higher food prices and increased rural poverty.

Dan Carden MP, Labour's Acting Shadow International Development Secretary, said:

"Tackling the growing debt crisis faced by countries in the Global South is a matter of global justice and is central to our work tackling the root causes of poverty and inequality and supporting people on frontlines of the fight against poverty.

"Growing debt burdens often far outweigh any aid or charity given and can present one of the greatest threats to poverty alleviation as money that should be spent on public services is re-directed to debt repayment.

“It’s been fourteen years since Labour led the way in securing the cancellation of 130 billion dollars of debt for low-income countries at the 2005 G7 Finance Ministers meeting. And today we are once again taking action to avoid a new global debt crisis.”

John McDonnell MP, Labour’s Shadow Chancellor, said:

“We have to play our part in ending the scandal of secret loans to foreign governments.

“It’s time for the UK to take responsibility for upholding standards of probity and transparency.

“A Labour government will bring foreign policy in line with economic policy – putting justice, solidarity and fair dealing at the heart of everything we do.”