



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Andrew Rosindell MP and Jim Shannon MP
House of Commons
London
SW1A 0AA

3rd March 2025

Dear Andrew, Jim,

I would like to express my sincere thanks for your considered contributions to the debate on Debt Cancellation for Low-Income Countries, on 6 February 2025. I write to provide a further response to specific questions you raised during the debate.

Non-financial debt repayment

Jim, I noted your proposal to the Government for countries to repay their debts to the UK via non-financial means. Whilst we are not considering payments in kind at this time, the UK is fully committed to supporting countries facing unsustainable debt burdens to return to a pathway of debt sustainability. When a country is in debt distress, restructuring its debt is the only way to fundamentally reduce debt vulnerabilities and ensure restoration of debt sustainability. As such, the UK encourages countries with high debt vulnerabilities to seek appropriate debt treatment via the G20 Common Framework, where eligible, or the Paris Club.

China's role in the debt architecture

Andrew, you raised questions about the Government's plans to counterbalance Chinese influence and provide an alternative source of financing, and whether the UK promotes transparency, fairness, and long-term stability in its debt restructuring agreements.

The UK recognises China as an integral player in the debt architecture and is committed to working with China to coordinate on providing debt restructurings through the G20 Common Framework. As mentioned during the debate, the UK is a strong advocate of the G20 Operational Guidelines for Sustainable Financing. We were the first to publish our self-assessment against the Guidelines, alongside our annual stock of debt report for 2024. We continue to call on China, and all G20 countries, to do the same.

Regarding UK financing, we remain committed to tackling global development and ensuring that our development cooperation maximises mutual benefit. We have a strong set of tools through which to deliver this, including our Official Development Assistance (ODA), as well as our financial instruments, UK expertise, and our financial sector, among others.

The UK is fully committed to working with international partners to provide swift and coordinated restructurings where needed. It is our view that the G20 Common Framework remains the best mechanism for this, providing debt treatments that are sufficient to return countries to a path of debt sustainability, in line with IMF and World Bank Debt Sustainability Analyses. We continue to push for improvements to the Common Framework, to ensure it delivers more timely, orderly, and predictable debt restructurings.

Thank you again for your contributions during the debate. I am copying this letter to other members who spoke during the debate, and I am depositing a copy in the Library of the House.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'E Reynolds'. The signature is fluid and cursive, with the first letter 'E' being particularly large and stylized.

EMMA REYNOLDS MP
ECONOMIC SECRETARY TO THE TREASURY