



Foreign &
Commonwealth
Office

Written Ministerial Statement
7th December 2009

The Financing of Cluster Munitions Production

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Chris Bryant): In December 2008, the UK was among the first signatories to the Convention on Cluster Munitions. It is recognised as one of the most significant disarmament treaties of recent years, prohibiting the use, development, production, stockpiling and transfer of cluster munitions

To enable the UK to proceed with ratification, the Government has introduced the Cluster Munitions (Prohibitions) Bill in this Parliament. The Bill would legislate for the Treaty's prohibitions, establishing criminal offences and penalties for a range of banned actions; notably the use, production or transfer of cluster munitions on UK territory or by UK nationals.

In response to the interest of Civil Society and Parliamentarians, I would like to set out the Government's understanding of how the Bill's prohibitions apply to the financing of cluster munitions production. Under the current provisions of the Bill, which have been modelled upon the definitions and requirements of the Convention, the direct financing of cluster munitions would be prohibited. The provision of funds directly contributing to the manufacture of these weapons would therefore become illegal.

The Convention does not prohibit so-called indirect financing of cluster munitions. Indirect financing is therefore not within the scope of the Bill's provisions. As such, it would not become illegal to provide funds generally to companies that manufacture a range of goods, including cluster munitions.

However, aware of the humanitarian suffering caused by cluster munitions and the threat they pose to development in post-conflict areas, the Government is keen to see a complete end to cluster munitions. Due to the complex nature of indirect financing, there is a need for thorough consultation to consider the impact of any measures, and to ensure that we develop the most appropriate and effective measures to end indirect financing.

The Government intends to work with the financial sector, non-governmental organisations and other interested parties, to promote a voluntary code of conduct to prevent indirect financing, and if necessary would use its right to initiate legislation. We shall also review public investment guidelines to the same end.