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Strategy  
2014-17

# Competitive export finance for growth

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UK Export Finance is an important enabler for the UK government's ambitious strategy to grow exports to £1 trillion by 2020. We are becoming more agile and proactive in support of UK exports around the world.



**David Godfrey**  
CEO  
UK Export Finance

An export credit agency (ECA) is a significant asset for any major economy. As the UK's agency, UK Export Finance (UKEF) represents more than simply insurance and guarantees to underpin export contracts. We enable exports to happen that would not otherwise occur. We offer support where there is risk and confidence where there is uncertainty.

Our role is to complement and partner with the banking and credit insurance commercial sectors, not compete with them. Our products become especially relevant when those sectors do not have the appetite, or financial capacity, to take on risk for an exporter to challenging or high growth markets. The UK's trade and growth strategy, in a global economy of increasing competition, drives the need for greater risk appetite to trade with new and expanding markets. We are responding to these challenges.

## Responsive through the economic cycle

We retain our key role to provide capacity should markets fail, but are becoming more responsive through the economic cycle to address the challenges for UK exporters of capital/semi capital goods and services. We will engage with and monitor our customers' changing business needs to ensure our offering is both appropriate and timely, and harnesses the full potential of our products and services.

In the global marketplace, UK exporters need parity with overseas competitors when supported by their national ECA. As part of our strategy, and to increase the competitiveness of UK exporters, we have an enhanced £3bn Direct Lending Facility and a new £5bn Export Refinancing Facility. These will ensure medium and long-term finance is available for buyers of UK goods and services on terms comparable to other ECAs.

## Agile and innovative

We are not only becoming more proactive, agile and efficient – investing in our people and processes – but also more innovative.

Our market research, including sector and segment analysis conducted in partnership with UK Trade & Investment (UKTI) and the Department for Business, Innovation & Skills, is set to identify market gaps and opportunities for future product development. This might include support for supply chains or more flexible working capital facilities. The UK government is proposing changes to our Act of Parliament to give us greater flexibility to address such gaps.

## Building strong partnerships

Our strategy is grounded on building strong partnerships with customers and other key stakeholders such as professional intermediaries and trade bodies. We are leveraging the support of other government departments, in particular UKTI and its international networks with the Foreign & Commonwealth Office, to benefit exporters and overseas buyers of UK goods and services.

At the same time, we are planning new marketing campaigns to raise awareness of UKEF among UK exporters and their buyers, and export finance more generally among the wider business community. All those involved in the international exporting chain should know about us, so that UK exporters are recognised as much for their financial competitiveness as for the high quality of their goods and expertise.

## Future impact

We estimate that around 2,000–3,000 smaller businesses and some 500 mid-sized and large businesses in the UK could require our specific support over the next three years. We also expect to assist a number of businesses to obtain private market support through our expanding network of export finance advisers, which will include mid-sized company specialists.

Given the likely impact of our strategy, bringing new flexibility and scope, we are confident that we will be in a position to support UK exporters through the economic cycle, whatever the global financial climate.

**“**  
We enable exports to happen that would not otherwise occur.

# Our support

## is based on partnership

We work directly with UK exporters and their overseas buyers, as well as banks and insurance brokers. Our insurances and guarantees give confidence to support business growth through exports to many, often challenging, markets.

### Global aviation market



Since 2008, UKEF has helped to develop the market for the iconic Airbus A380 'super-jumbo' through challenging times for aviation finance. Leading aircraft manufacturer, Airbus, sought long-term buyer credit facilities on behalf of customers to support their purchase of the A380. By 2014, UKEF, working in partnership with its French and German counterparts, had supported around a third of all A380 deliveries, benefiting Airbus' supply chain of 400 UK companies and 100,000 jobs. UKEF will similarly support the next generation of Airbus' high-tech aircraft, the A350.

"The support provided by UKEF, alongside their counterparts, has been invaluable in promoting sales and ensuring deliveries to our global customer base. Exporting in the current environment is highly competitive. Airbus counts on UKEF's responsiveness and creativity to work on continuous improvement to the export credit system to meet new challenges going forward."

**Harald Wilhelm**  
Chief Financial Officer  
Airbus Group and Airbus

### Sales in North Africa



Leading manufacturer of construction equipment, JCB, found it difficult to access credit insurance for a new market in North Africa. In 2012, JCB had started trading with a new dealer but was unable to insure the contract under its private sector whole turnover policy. UKEF provided an export insurance policy against the risk of buyer non-payment and enabled JCB to build its relationship with confidence. UKEF continues to provide cover for JCB to support its growth across a number of difficult markets.

"The help from UKEF enables us to trade on open account terms in challenging markets. As a result, we can accept orders, build the machinery and send shipments on credit terms that are helpful to the dealer."

**David Barton**  
Group Export Finance Manager  
JCB

### Growth via China



Techflow Marine won a US\$5.8m contract to provide the Chinese National Offshore Oil Corporation (CNOOC) with a custom-made oil tanker offloading system. The buyer required a 10% performance bond for which Techflow Marine needed to provide 100% cash cover to their bank. UKEF worked with the bank to share part of the bank's risk in providing the bond. This reduced the cash Techflow Marine had to provide to the bank and enabled the company to maintain enough cashflow to progress the contract and pursue other overseas work.

"Thanks to the CNOOC contract, in 2013 we doubled our turnover from £4.5m to £10m. Without UKEF's support, it would have been too big for us. We were able to use the freed up funds to look for other international contracts and continue to grow."

**Graham Clark**  
Director  
Techflow Marine

# UK Export Finance around the world

The variety of our support enables companies to win or fulfil contracts to export goods and services around the globe, as this snapshot shows.

We have  
**£50bn**  
total capacity to support exports

Planned total  
**24**  
export finance advisers around the UK

and access to UKTI's advisory network in  
**107**  
markets

We are active in around 70 countries but cover more than  
**200**

British Virgin Islands  
Biwater  
**£31m**  
buyer credit water plant

Brazil  
Petrobras  
**\$1bn**  
line of credit oil and gas exploration

Ghana  
IHG and NMSI  
**£193m**  
buyer credit hospital construction

Saudi Arabia  
Sadara  
**\$700m**  
line of credit petrochem plant

India  
Reliance  
**\$300m**  
line of credit oil refinery

Sri Lanka  
Cleveland Bridge UK  
construction contract  
**210**  
road bridges

New Zealand  
Alexander Dennis  
**£80m**  
supplier credit eco buses

Norway  
Forum Energy Technologies UK  
**£19m**  
guarantee subsea vehicles

Airbus  
**£2.8bn**  
guarantees 229 aircraft to 40 airlines over 24 months

Azerbaijan  
JCB  
**£2.5m**  
supplier credit backhoe loaders

Libya  
Houlder  
**\$7.6m**  
insurance design and project management

Dubai  
Carillion  
**\$259m**  
contract shopping mall

China  
Techflow Marine  
**\$5.8m**  
contract crude oil hose reel

South Korea  
Sensonics  
**\$70k**  
guarantees vibration monitoring equipment

India  
Griffon Hoverwork  
**£7.7m**  
guarantees 12 hovercraft



UKEF complements the credit insurance market, providing cover and support for exporters where the private market won't tread. BExA's annual export credit agency comparison report records the welcome enhancement to its products in recent years. UKEF now offers meaningful support to all exporters.

British Exporters Association



We are delighted with UKEF's involvement, which has been a key element in our decision to use Carillion and this may not have been the case without their backing. We are very happy with the guarantee provided and will certainly be approaching UKEF for support on further projects in future.

Meraas Holding, project sponsor, Dubai



Our members recognise UKEF as a vital partner in helping the overall capacity and competitiveness of support to British exporters of all sizes. Its strategy gives confidence that we can build growth and an export financing regime that should become the best in class in Europe.

British Bankers' Association



We recognise the importance of the products and innovations that UKEF are developing. We consider it part of our role to help ensure that businesses know that these great products exist: it is an integral part of our training and education programmes. We are proud to be working with UKEF.

Institute of Export & International Trade

Note: \$ denotes US dollars

# How can we help?

UK Export Finance supports exports by sharing financial risks that the private sector is unable or unwilling to accept on its own. We work across all sectors, for all sizes of export contracts.

- We **provide risk protection to exporters** with insurance against non-payment by overseas buyers and against contract bonds being called in by buyers, unfairly or for political reasons.
- We **facilitate finance for exporters** with guarantees to banks for working capital for particular export contracts, and for raising contract bonds for buyers, which can help free up exporters' working capital.
- We **support and provide loans to overseas buyers**, repayable over 2–5 years and longer, to finance the purchase of capital/semi capital goods and services from UK exporters.

We work closely with UK Trade & Investment, the UK's trade promotion body, and the trade support organisations in Northern Ireland, Scotland and Wales.

## UKEF contacts

To find out more about us, our products and our network of export finance advisers, visit [gov.uk/uk-export-finance](http://gov.uk/uk-export-finance)

Or contact our business enquiries helpline

T: +44 (0)20 7271 8010

E: [customer.service@ukef.gsi.gov.uk](mailto:customer.service@ukef.gsi.gov.uk)

## UKTI contacts

To find out more about UKTI support and services, visit [gov.uk/ukti](http://gov.uk/ukti)

UK Export Finance  
We are the UK's export credit agency.  
[gov.uk/uk-export-finance](http://gov.uk/uk-export-finance)

