



Department for  
International Trade

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Louis Taylor  
Chief Executive  
UK Export Finance  
1 Horse Guards Road  
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17<sup>th</sup> March 2021

Dear Louis,

I want to thank you for your leadership of UK Export Finance (UKEF) and for the critical role it has played in response to the challenges arising from COVID-19. UKEF has continued to support HM Government's goal of ensuring the success and financial health of UK businesses during this unprecedented time.

As Secretary of State for International Trade with responsibility for UKEF, I wish to outline my priorities for UKEF for the coming year. I endorse the new Memorandum of Understanding (MoU) between UKEF and the Department for International Trade (DIT), which will encourage ever closer collaboration to support and grow UK exports, particularly through our work on the Plan for Growth. This document complements the MoU and ensures UKEF is delivering against the priorities of HMG. I expect you to, on a quarterly basis, keep the UKEF Board updated of progress in accordance with the provisions for reporting set out in the MoU and I expect the MoU to facilitate the bilateral exchange of information.

### **Meeting the priorities of Her Majesty's Government**

The government has identified a number of strategic priorities, that I have set out below alongside my expectations of how UKEF will work to deliver against those priorities:

Export-led recovery: UKEF's mission is to ensure that *no viable UK export fails for lack of finance or insurance from the private sector, while operating at no net cost to the taxpayer*. UKEF does not compete with the private sector in the support it offers to exporters.

Capturing the benefits of exporting and international trade opportunities will be vital - helping to support job creation, wage growth, and levelling up the economy across the regions and nations of the UK - and I expect UKEF to play a central role in supporting the government's ambitious trade programme. I therefore expect UKEF to continue working closely with DIT, the Department for Business, Energy and Industrial Strategy (BEIS), HM Treasury (HMT) and the British Business Bank to ensure businesses can access the financial support they need during these testing times.

I am particularly keen that UKEF supports DIT's efforts to boost exports in HMG priority sectors and our Export Campaigns including food and drink, technology and digital, and renewables and clean growth. I expect UKEF to work closely with HMT in identifying and implementing potential opportunities to provide additional support and develop new policies and products where they are needed, aligned to priority sectors, including the HMG Plan for Growth and DIT Export Plan.

**Clean Growth:** At the end of 2020, the Prime Minister announced the government's Ten Point Plan for a Green Industrial Revolution. The government is committed to turning the UK into the world's number one centre for green technology and finance and delivering net zero carbon emissions by 2050. The Prime Minister announced that the UK will no longer provide any new direct financial or promotional support for the fossil fuel energy sector overseas. I expect UKEF to support businesses [which are actively transitioning away from fossil fuels] delivering renewable and clean energy, helping the UK to 'build back greener' and create new skilled job opportunities.

Noting UKEF's achievements in this area to date, you should build on previous successes supporting clean growth exports, for example, the offshore wind project in Taiwan and solar projects in Spain. I expect that, by the summer, UKEF will have worked with HMT to explore and develop new "green" products. In the run-up to COP26, hosted in the UK this autumn, I would like UKEF to work closely with the COP26 teams ensuring that the government's trade finance offer is embedded in their stakeholder engagement, whether that be with exporters or non-governmental organisations.

**Climate- risk disclosures:** As the new year marks the start of a new chapter for UK financial services, I expect UKEF to lead by example. Last year the Chancellor announced that the UK was to become the first country in the world to make Task Force on Climate-related Financial Disclosures (TCFD) recommendations fully mandatory across the economy by 2025. By this summer, UKEF will make its first climate-related financial disclosures in its 2020-21 annual report in line with the TCFD recommendations, as committed in the 2019 Green Finance Strategy. This will demonstrate UKEF's role supporting the government's greening of the UK economy. In the March 2020 Budget, UKEF allocated £2 billion to its Clean Growth Direct Lending Facility, designed to support projects that meet the criteria of the Green Bond Principles. There has been significant take-up already which will be reported after the close of the financial year in UKEF's Annual Report and Accounts, once the audit has been completed. This year, I expect UKEF to continue to promote and market this facility to UK exporters that seek to cut greenhouse gas emissions.

**The Union and Levelling up:** The full range of UKEF's products and services is available to support exporters across the whole of the UK and I expect UKEF to continue to promote and target its services to the UK's SMEs and larger exporters across the length and breadth of the country. This year, UKEF will enhance its network of domestic Export Finance Managers, particularly outside London. I would like to see UKEF's Export Finance Managers working hand- in- hand with Trade Advisers in DIT's new Trade and Investment Hubs due to open in Scotland, Wales and Northern Ireland and the Northern Economic Hub.

Supporting SMEs is a particular priority of mine. At the beginning of this year, the Federation of Small Businesses found that more than 250,000 of the UK's 5.9 million small businesses could be lost as a result of the COVID-19 pandemic.

Supporting our SMEs through the recovery from the pandemic is of paramount importance. In December 2020, UKEF launched its SME-focused General Export Facility (GEF) through its five delegated banks and is now engaging other partner banks and financial institutions to roll out the scheme through them. GEF will also be promoted through UKEF's marketing campaign, which has an increased budget for the 2021-22 financial year following the Spending Review.

I expect UKEF to support a wide range of SMEs through this new product and I expect UKEF to continue to work closely with the British Business Bank to improve consistency and coherence in HMG support for access to finance to SMEs.

**Global Britain:** Our new FTAs will encourage greater exporting to new markets and will create a growing need for finance and support from UKEF. I expect UKEF to work with UK exporters who will want to capitalise on the opportunities these new markets will bring. This year UKEF will increase its international network and recruit International Export Finance Executives (IEFEs) into Malaysia, the Philippines, Qatar, Egypt, Morocco, and the U.S. UKEF's IEFEs should collaborate with HM Trade Commissioners and DIT's new at-Post Campaign Directors (for example, in Mexico and India) so that UKEF and DIT can work closely together overseas to identify opportunities for UK exporters. UKEF's international network will be instrumental in helping government focus on business opportunities within the Indo- Pacific as we look to secure new markets within the Comprehensive and Progressive Trans- Pacific Partnership.

### **Accountability**

UKEF's governance framework includes the mechanisms between DIT and UKEF including the Concordat and the MoU, as well as the powers set out in the Export and Investment Guarantees Act (1991), the HMT Consent and Financial Framework Document. It also adheres to relevant international agreements such as the OECD Arrangement and WTO Agreements on Subsidies. 2021 marks the beginning of an exciting new phase for the UK. For the first time in 40 years, we will make our own trading arrangements with countries around the world, free from the constraints of the EU. UKEF must play a central role in helping UK businesses realise their full potential in this new world.

I look forward to hearing from you on your progress delivering against my priorities and am excited as your Secretary of State to embark on another challenging but successful year.

Yours sincerely,



**THE RT HON ELIZABETH TRUSS MP**  
Secretary of State for International Trade  
& President of the Board of Trade