



UK Export
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The Rt Hon Anne-Marie Trevelyan MP
Secretary of State for International Trade
and President of the Board of Trade

Old Admiralty Building
Admiralty Place
London
SW1A 2DY

By email only

10th March 2022

Dear Secretary of State,

UK EXPORT FINANCE'S MARKET APPETITE FOR UKRAINE

You have considered advice relating to UKEF's cover position for Ukraine. This letter sets out my position as Accounting Officer.

I previously advised you that in the light of the impact of the Russian invasion of Ukraine, it would no longer be possible for me to consider that the provision of UKEF support in Ukraine could be considered within normal underwriting criteria, and I would consider that accruing financial exposure to Ukraine at present would be unduly hazardous and there could be significant risk of loss due to the deterioration of market conditions within the country, which could worsen still.

As you are aware, UKEF operates under the terms of the HM Treasury Consent and this would not permit me as Accounting Officer to agree to take risk in Ukraine in the current circumstances. However, I recognise that you may wish to take a broader view in light of the UK Government's commitment to show solidarity with and support the government and people of Ukraine.

Managing Public Money requires me to ensure that UKEF support represents value for money to taxpayers, meet tests of regularity and propriety and are feasible. The key tests in this case are regularity in complying with the terms of the Consent, and value for money in terms of the significant risk of loss involved. If it is your decision to maintain a £3.5bn market limit for Ukraine in the national interest, I will proceed accordingly but require your written instruction to do so. In doing so, as UKEF's Accounting Officer, I will undertake, where feasible, to seek to protect all value for money considerations in carrying out the Direction.

I note that under the Export and Investment Guarantees Act the consent of the Treasury is required for your instruction to be lawful. The Chancellor has agreed with your view that it is in the national interest to maintain UKEF's market appetite of £3.5bn for Ukraine and that HM Treasury would consent should you instruct me to proceed. I will ensure the necessary steps are taken to carry forward your instruction without delay.

I am grateful for the attention you have paid to this issue. I am satisfied that your decision will be taken on the basis of the available information. In line with normal practice for directions, I am required to alert the Comptroller and Auditor General, who will inform the Public Accounts Committee (which may decide to conduct an inquiry), and the Treasury Officer of Accounts.

In addition, it is normal practice for you to inform Parliament where you issue an instruction to UKEF. Our exchange of letters will also be published in line with normal practice for a direction.

Your sincerely,

A handwritten signature in black ink that reads "Louis Taylor". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

Louis Taylor
Chief Executive
UK Export Finance