



Department for International Trade

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Dear Louis,

Thank you for your leadership of UK Export Finance (UKEF) over the past year to deliver against the outcomes set out in the 2021 letter. UKEF helps to fuel exports and has been central to the Government's pandemic response, with a record £12.3 billion of new business supported in 2020-21 and sustained high demand in this financial year. This has helped to keep credit flowing when private sector risk appetite and capacity has been constrained so that businesses can trade out of the crisis and take advantage of international opportunities, including those created by the UK's free trade agreements, the new Export Strategy, and the global shift towards clean growth.

As Secretary of State for International Trade with responsibility for UKEF, I have set out my priorities for the department for the coming year below, which should complement existing business objectives detailed in UKEF's Business and Operational Plans. Given the increasingly complex and volatile global environment, it will be important for UKEF to remain agile and innovative so that the department is well placed to respond to new challenges and opportunities. It should also continue strengthening ties across Whitehall to support the delivery of cross-government economic, trade and development priorities, and deepening links with the Department for International Trade (DIT) including to deliver on the commitments outlined in the [Memorandum of Understanding \(MoU\) between the two departments](#). I especially want to see a focus on delivering more joined-up support for UK exporters, utilising platforms such as the Export Support Service to leverage each department's expertise in supporting UK businesses at all stages of their export journey.

1. Export Strategy: Made in the UK, Sold to the World

Since reclaiming the UK's status as an independent trading nation, we have secured agreements with trading partners around the world and continue to take ambitious strides to capitalise on new trading opportunities for British businesses. To help build back better from the pandemic, it is vital that businesses, small and large, take advantage of these opportunities, with support from the government to leverage our access and expertise.

We are currently the world's sixth largest exporter, but I want to see an exporting revolution to reach £1 trillion exports per year even sooner than the mid-2030s, as set out in the [Export Strategy](#). UKEF's offer will be crucial to our success, helping to sustain jobs and increase productivity across the UK.

This year, I want to see UKEF extend its reach to help us meet our target. With significant product enhancements that will help to attract investment into the UK, support clean growth and make our support more accessible for SMEs, UKEF is in a strong position to do so. It will be important for UKEF to work closely with the Office for Investment (OfI), the UK Infrastructure Bank (UKIB), Innovate UK and the British Business Bank (BBB) to develop an innovation to export pathway that supports businesses to commercialise quicker. Further, we need a continuation of efforts to raise awareness of UKEF's product offering and ensure a joined-up and coherent cross-government proposition that meets the financing needs of British businesses.

2. Maritime, life sciences and clean growth sectors

The UK is committed to building export capability in critical sectors to help realise our ambitions as a science and technology superpower and transition to a net zero economy by 2050. [The Plan for Growth](#) and [10 Point Plan for a Green Industrial Revolution](#) set out the UK's comparative advantage across a number of technologies, and underscore the importance of collaboration between industry and government. In the year ahead, I want to see UKEF increase its focus on maritime and life sciences sectors – in situations where there is a financing need that cannot be met by the private sector – so that the UK can better support those growing industries to export around the globe.

I also ask UKEF to continue to expand its support for clean growth sectors to help build the UK supply chain in those sectors, spread their innovative clean technologies around the world and thereby accelerate the global green transition. As the first export credit agency (ECA) in the world to end support for overseas fossil fuels projects, UKEF should continue to demonstrate leadership among other ECAs by increasing its clean growth portfolio and reducing emissions. This includes setting interim portfolio decarbonisation targets and delivering more robust climate-related financial disclosures, in line with commitments made in UKEF's [Climate Change Strategy and HMG's Green Finance Strategy](#) in relation to [the Task Force on Climate-related Financial Disclosures \(TCFD\)](#). Whilst it will take time to transition the portfolio, especially given the nascency of many clean technologies, UKEF should continue working closely with DIT, BEIS and others to support plans for the growth of net zero technologies and creation of trading opportunities for the UK supply chain that can be realised in the years to come.

3. Global Britain

The [Integrated Review](#) outlines the Government's vision for the UK in 2030, and points to a Global Britain that knows its strengths; that is open; that champions commerce and trade; and that is determined to seek multilateral solutions to complex challenges. Now a full Participant to the OECD Arrangement, as well as the UK's only bilateral sovereign financing instrument, UKEF is an important part of the UK's voice abroad. The department should build on early successes, for example, as a key influencer in the 'coalition of the willing' to strengthen the Coal-Fired Power Understanding, to continue pushing the reform agenda so that the OECD Arrangement and Sector Understandings are fit for 21st century challenges and help preserve a level playing field for British businesses abroad.

Through UKEF's commercial support for the defence sector, the UK can help strengthen bilateral ties and global security. UKEF should continue working with the Ministry of Defence, DIT, HMT and the FCDO to actively support and help increase defence sector exports over the coming year, seeking to build relationships with new customers and tailor the defence product offering accordingly.

UKEF's expanding overseas network of International Export Finance Executives (IEFEs) in high potential markets also helps to support this agenda, and further expansion across Morocco, Turkey, Europe and beyond will complement the government's strategic aims. I'm pleased that collaboration is already strong between UKEF, DIT and FCDO at Post and I know that the IEFE's expertise as a voice of UK business is valuable – I want this joint working to continue to deepen with the growth of the network. In the year ahead, UKEF should also play a prominent role supporting the UK's improved Government-to-Government partnerships offer and collaborating with strategic partners in third countries, ensuring that my departments are jointly at the forefront of this work. This, in turn, will help to open business opportunities in new priority markets.

4. Levelling Up

As the export credit agency for the whole of the UK, UKEF is helping to spread opportunity and prosperity across all nations and regions, with 70% of UKEF's support consistently going to UK companies outside of London and the South East. Increasing access to finance for SMEs, and encouraging them to export, is a vital part of this agenda. The impact of the pandemic has been particularly difficult for small businesses, with 6 in 10 SMEs reporting a decline in growth and profitability in 2020-21. UKEF's recent product innovations – including the launch of the General Export Facility (GEF) and the temporary expansion of the Export Insurance Policy to cover high-income markets (which saw applications double) – has helped to close the financing gap and keep smaller companies trading through the crisis. Next year, I want to see UKEF expand its delivery partners and widen the availability of GEF so that UKEF continues to reach more small businesses across the UK, with wider benefits for the UK supply chain.

UKEF should continue to consider what more it can do to reach SMEs, particularly those in the sub-£10 million turnover category which are less well served by private markets. This may require further product innovation and new engagement strategies. UKEF's well-established network of Export Finance Managers (EFMs), based in every part of the UK, should continue to raise awareness of UKEF's trade finance and credit insurance offerings to the small and mid-size business market and share insights to help drive business strategy. The digitisation of the customer journey should also continue to be a core focus for the year ahead, helping to improve UKEF's fintech offering and drive efficiencies for applicants.

5. Trade for good

At the Carbis Bay Summit in June 2021, the UK committed to an ambitious agenda with its G7 partners to narrow the infrastructure investment gap in developing countries and help progress towards the Sustainable Development Goals (SDGs). I am pleased that UKEF has already been helping to shape part of the UK's contribution to the G7 agenda – the 'Clean and Green Initiative' (CGI) – and I want this to remain a top priority for the department for the year ahead, helping to catalyse public and private investment in sustainable infrastructure around the globe.

Working closely with DIT, BEIS and FCDO, UKEF has the potential to further increase its support for sustainable projects – which doubled in 2020 to £2.4 billion – to support the SDGs, whilst capturing the secondary benefits of ODA programmes where relevant too. I also want UKEF to further strengthen its collaboration with British International Investment (BII) to leverage HMG's debt and equity financing offers in developing countries and work alongside DIT and the FCDO to promote the developmental benefits of trade through the International Development Strategy.

Last year, UKEF published its first Modern Slavery Statement which set out the steps UKEF has taken, together with DIT, to identify, mitigate and prevent modern slavery in its own supply chain. Next year, I want to see UKEF enhance its approach in an appropriate and proportionate way, culminating in a renewed modern slavery statement which will report on progress achieved. Lastly, UKEF should continue to champion high standards in managing environmental, social, governance (ESG) and climate-related risk in its support and increase its resource next financial year to do so.

I look forward to working with you and your department to realise the ambitions set out in this letter and thank you in advance for your hard work to make the next financial year as successful as the last.

Best wishes,

A handwritten signature in black ink, reading "Anne-Marie Trevelyan". The signature is written in a cursive style with a horizontal line underneath the name.

THE RT HON ANNE-MARIE TREVELYAN MP
Secretary of State for International Trade
& President of the Board of Trade