

23 October 2026

Dear Secretary of State,

Increasing UKEF's Capacity to Support Ukraine

You have considered advice relating to a proposed increase in UK Export Finance's capacity to support Ukraine. This letter sets out my position as Accounting Officer.

As you know, since Russia's full-scale invasion of Ukraine in 2022, UKEF has played a significant role in delivering the Government's support to Ukraine by staying on cover with £3.5bn of capacity to provide export finance, supporting strategically important transactions including the supply of nuclear fuel, reconstruction of critical infrastructure and air-defence missiles. These have supported Ukraine's resilience at a critical time while also creating jobs and industrial capacity across the UK.

However, the financial risks associated with UKEF providing support in Ukraine remain far beyond those that we would normally be willing to accept. The probability of default and expected loss is exceptionally high. For that reason, and taking into account the wider policy factors I mention above, successive Ministers have directed UKEF to continue operating in Ukraine through its National Interest Account.

UKEF is close to capacity against its existing £3.5bn limit. You have now asked me to consider a £3bn increase in UKEF's cover limit, taking UKEF's Ukraine country risk limit to £6.5bn.

As Accounting Officer, I am required to consider this proposal against the tests set out in Managing Public Money. The critical elements here are regularity in complying with HM Treasury's Consent ('the Consent'), and value for money in terms of the risk of financial loss involved. My assessment is that this support does not meet the regularity test, as support to Ukraine falls outside of UKEF's normal underwriting criteria, as per the terms of our HM Treasury Consent. I am also unable to conclude whether such support represents value for money.

There remains a strong possibility that future debt relief operations will result in the restructuring of UKEF-backed debt and corresponding losses to the Exchequer. Accounting rules require UKEF to recognise expected future losses at the point when support is issued, rather than when any default occurs. This means that those losses may outweigh UKEF's operating income in its financial accounts in any given year. This impact is already material:

UKEF expects to report a substantial net operating deficit for 2025-26, driven by its support for Ukraine.

Equally, I recognise that there continue to be broader considerations which Ministers may reasonably decide should carry significant weight. Existing UKEF support has helped a key ally defend itself from aggression, secured strategically important UK exports, strengthened the UK's relationship with Ukraine, supported British businesses and jobs, and contributed to HM Government's national security objectives in support of Ukraine's defence, economic resilience, and recovery. Balancing those wider benefits against the financial risks is a matter for Ministers to consider.

If it is your decision that increasing UKEF's Ukraine capacity remains in the national interest, notwithstanding the substantial financial risks involved, I will proceed accordingly. However, I require your formal written Direction before doing so. As support to Ukraine falls outside the terms on which UKEF would ordinarily undertake risk, HM Treasury consent will also be required before the Direction can be implemented and any additional support provided under it.

Subject to receipt of both a Ministerial Direction and the necessary HM Treasury approval, UKEF will provide support to Ukraine under the higher market limit under its National Interest Account. In accordance with Managing Public Money, copies of the Accounting Officer's request and your Direction will be sent to the Comptroller and Auditor General, the Treasury Officer of Accounts, the Chair of the Public Accounts Committee and the Chair of the Business and Trade Select Committee. The exchange of letters will also be published on GOV.UK.

Yours sincerely,



Tim Reid
Chief Executive
UK Export Finance