

Press release: Liam Fox announces 'gamechanger' financial support package for UK SME exporters

A new financial support package for small to medium sized business (SMEs) will be announced as Dr Fox speaks at a celebration of 100 years of UK Export Finance's (UKEF) backing for international trade today (Wednesday 5 June).

This is the first time such an extensive financing package has been made available to small businesses exporting to fast-growing emerging markets from the UK.

The package will include:

- The Small Deal Initiative – to back the army of exporters undertaking the smaller contracts that underpin British trade
- Extending financial support to firms in exporters' supply chains as well as exporters themselves
- The General Export Facility – covers general costs for exporters, rather than just costs related to a specific export deal

The Secretary of State for International Trade Liam Fox will say:

These announcements are potential gamechangers for our export industry, and will help us to tap a fresh vein of potential from within our economy.

The Small Deals Initiative sees UKEF guaranteeing the loans of potential overseas buyers of British goods to make UK bids more competitive.

The General Export Facility also allows UKEF to support exporters' overall working capital requirements, rather than requiring support to be linked to the needs of a specific export.

Commenting on this, the Secretary of State will say:

Recognising that it takes more than one business to deliver an export contract, UKEF has extended eligibility for its support to companies in exporters' supply chains.

British businesses play an import role in global supply chains. The latest available data shows that nearly a quarter (23.7%) of UK exports in 2015 were embedded in the exports of other countries.

This more flexible approach will give smaller business greater access to

bonds and working capital.

Dr Fox will also warn that the world must brace itself for a period of upheaval as the global economy looks set to slow down, but will argue that the work the Department for International Trade is doing through UKEF will help strengthen British exporters like never before.

Dr Fox will conclude:

Building a truly Global Britain takes real investment. It cannot be done on the cheap.

If we want to become an exporting superpower, with greater influence, selling more goods and services abroad and encouraging more British investment overseas, then we will have to invest in the capabilities required.

UKEF's work would be at the very forefront of this investment strategy.

Background on UK SME exporters

- Over the past decade UKEF has provided over £30 billion-worth of support helping over 600 UK exporters to grow their business in overseas markets
- 77% of business supported by DIT in 2017/18 were SMEs
- Confidence in the ability of SME's willing to export also increased in 2018 as 5% of SMEs not currently exporting said they plan to export in the future, up from 3% in 2017.
- However, roughly 400,000 businesses in the UK can export but don't, and this initiative helps SMEs to export and become more productive.

UKEF

- UKEF is the UK's export credit agency, strategically and operationally aligned with the Department for International Trade.
- Established in 1919 to promote exports after the end of the First World War, 2019 is its centenary year.
- UKEF's mission is to ensure that no viable UK export fails for lack of finance or insurance from the private sector.
- UKEF helps UK companies, whatever their size and type of export, to: Win export contracts by providing attractive financing terms to their buyers. Fulfil export contracts by supporting bonds and working capital loans. Get paid by insuring against the risk of non-payment.
- It works in conjunction rather than in competition with commercial banks and insurers, providing support where the private sector cannot.

On exports

- Latest statistics from the ONS show UK firms sold more overseas in the 2018/19 financial year, £639.9 billion, than at any time since records began

- The UK has now achieved 36 consecutive months of export growth on an annual rolling basis
- It comes as separate OECD data reveals UK exports grew faster than Germany, France and Italy between 2016 and 2018