

Speech: Secretary of State keynote: UK Trade and Export Finance Forum

Thank you for that kind introduction Louis and thank you all for joining us here today to mark 100 years of UK Export Finance.

While today is certainly a day for celebration, I'm afraid that it does come with something of a health-warning.

The last few years have seen a rise of barriers to trade across the world.

Since the end of the Financial Crisis, G20 countries have imposed 70% of all new non-tariff barriers to trade globally.

The result of these – and the imposition of unilateral and retaliatory tariffs – has seen trade growth slow dramatically from 5.4% in 2017 to a projected 3.4% this year.

We in the UK are lucky in that we start from a fortunate position. The fundamentals of our economy are strong and I have faith in its resilience. Unemployment is at a 45-year low, wages are growing faster than inflation and both exports and inward foreign direct investment are at record levels.

But the economic headwinds are against us and we are going to have to brace ourselves for a period of increased difficulty.

Forecasts for some of the major economies, such as Germany and the Eurozone more widely, have been downgraded, significantly and this may well have an impact on the 44% of our exports which currently go to the EU.

UKEF's work to help British firms break into new markets and deepen existing trade links will be essential in helping us weather potential storm ahead.

Louis, last night at the Mansion House, talked about the counter-cyclical function of UKEF, and that may well be tested in the times ahead. UKEF has for 100 years been innovating and helping UK businesses win, fulfil and get paid for export contracts.

Last year my department launched its Export Strategy in a bid to turn Britain into a 21st century exporting powerhouse, and UKEF has a pivotal role to play in achieving this.

Through the Export Strategy we are encouraging, informing, connecting and financing UK businesses to take advantage of the increasing international demand for British goods and services.

Just as it was when it was founded as the Export Credits Department 100 years ago – UKEF remains at the heart of the government's trade and finance policies.

One of UKEF's most important innovations has been to make accessing government-backed export finance faster and easier for small and medium-sized companies than ever before.

These efforts are bearing fruit; 77% of the businesses that we supported in 2017/18 were small and medium-sized enterprises.

And, recognising that it takes more than one business to deliver an export contract, I am proud to announce that UKEF has extended eligibility for its support to companies in exporters' supply chains.

This will enable firms, from car parts suppliers to food packagers – who play a crucial role in supply chains but do not directly sell goods or services overseas themselves – to access the support they need to thrive.

After all, without their vital contribution Britain's giant export machine would grind to a shuddering halt.

But we want to do more.

A fifth of all UK registered businesses tell us that they have never exported, despite believing that they have goods or services which would sell overseas.

This translates to more than 400,000 UK businesses who could be exporting but are not.

We need to do more to open the way for these businesses, large or small, to take their first step into selling overseas.

That's why I am pleased to unveil our new Small Deal Initiative, which will enhance support for the smaller export contracts.

Through this, companies of all sizes will be able to access buyer finance support, with UKEF guaranteeing the loans that their potential customers abroad take out in order to buy British.

We will also simplify the processes involved in obtaining finance, allowing banks and other institutions to work more easily with UKEF to support smaller transactions.

And just as importantly, this will enable UK companies to get paid up front for their exports, while their buyers can benefit from deferred payment terms.

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

But still, many firms which are already eligible for export finance simply don't realise it.

And that needs to change.

To truly maximise our trading potential, we need to ensure that firms that can export, do export, and that means making them aware of the full range of support available.

And we're taking further steps to ensure that our support is better than ever.

Our new General Export Facility, which the Prime Minister mentioned in her video, will allow UKEF to support exporters' overall working capital requirements, rather than supporting where it's linked to the needs of a specific export contract.

And this more flexible approach will be of particular help for smaller businesses and companies with shorter manufacturing cycles.

So we're taking major strides to ensure that all UK firms have access to the help they need to succeed abroad.

And while it's important for Britain to celebrate our current export success, we've only really just started to realise our true potential for growth.

As you know, the government's aim is to increase UK exports from 30% to 35% of Britain's GDP moving us towards the top of the G7.

And there's never really been a better time to become an exporter or to invest in UK exports.

UKEF's expertise and resources are an invaluable asset as we prepare to leave the European Union and become a truly outward looking, global, trading nation.

And while the UK will continue building upon our business links with our valued trading partners in the EU, there are now unprecedented opportunities for growth in emerging markets which our firms are well-placed to take.

Now the IMF estimates that 90% of global GDP growth in the next five to ten years will come outside of continental Europe.

That's why the work of UKEF – at the heart of the government's export strategy – to help British firms establish themselves in some of the world's fastest growing emerging markets is so vital to our future prosperity.

This includes introducing a range of measures to boost much-needed investment in businesses, in infrastructure across Africa and in other parts of the developing world.

An example of this was the recent UK-West Africa Agritech Summit that we helped organise in Lagos, Nigeria.

The summit was part of our mission to nurture, with the help of UKEF, a strong network of prospective partners in finance, technology, innovation and knowledge between Britain and West African nations.

And our commitment to helping UK firms thrive in Africa and other developing markets is made up of more than just warm words.

UKEF is also playing an active part in our Prosperity Agenda ensuring development and global prosperity are at the heart of our trade and investment strategy.

Trade is an important part of our efforts to support countries in developing critical infrastructure while creating our own trading partners for the future.

And that's why UKEF has, for example, provided £49 million in terms of support for the Darlington-based firm Cleveland Bridge to construct 250 bridges for rural communities in Sri Lanka.

This project will help accelerate Sri Lanka's development through significantly improving its rural transport infrastructure.

Another example is the more than £130 million worth of support UKEF provided for British firms that are helping develop critical infrastructure in Ghana.

Around £70 million of this has gone towards backing a contract for Contracta Construction UK to develop and modernise Kumasi Central Market in southern Ghana – which you may never have heard of – but which is a major trading centre visited by up to 800,000 people every single day.

A guarantee for a £43.8 million loan will also be provided by UKEF to Ghana's Ministry of Finance to support a contract with QG Construction UK for the modernisation of Tamale Airport in the north of the country.

This expansion will help fuel economic growth in the region and will also benefit Muslim Hajj pilgrims, with the airport serving as a terminal building during the Hajj Season.

In addition, UKEF has backed a £17.6 million loan to support a contract for two British firms – Ellipse UK and the Eurofinsa group – to complete the building of a new 120-bed hospital in the town of Bekwai, in the Ashanti region.

These projects will help improve the critical infrastructure and lives of the citizens in Sri Lanka and Ghana, showing the positive role that British expertise, combined with UKEF's backing, is playing in communities around the world.

And we do this for good reason. Spreading prosperity helps underpin social cohesion. Social cohesion in its turn, underpins political stability. And that political stability is the building block of our collective security. It is a continuum that cannot be interrupted without very unwanted consequences.

Now, over the last year the government has set out our ambition for the United Kingdom to become the number one G7 investor in Africa by 2022.

And I spent all of last week in the northern part of Africa.

For the first time we set a clear goal to mobilise an additional £4 billion of private sector investment into the African continent by working more closely with the City of London.

This will help British firms to invest in what promises to be one of the world's largest import markets for goods and services over the coming decades.

Many African nations and other developing markets are particularly vulnerable to the impact of climate change.

And we're determined to support British firms that specialise in helping communities adapt to this change in delivering their expertise across the globe.

UKEF is also working with the Environment Agency to help UK firms to deliver climate adaptation infrastructure and services across the globe.

This means that UK firms – from specialist environment consultants to water sanitation businesses – will benefit from UKEF providing the finance support, while the EA will offer their expertise.

In addition, AECOM, the firm behind some of the world's biggest infrastructure projects, has today committed to work with UKEF to increase procurement from UK businesses when delivering its work.

And UKEF's work across the globe is as varied as it is vital in helping UK exporters gain a foothold in different markets.

The agency is working to increase its scope its accessibility, both by expanding its risk appetite in key markets and ensuring that qualifying to access its finance facilities is made as straightforward as possible for British firms.

Indeed, since the referendum we have increased our risk appetite in more than 100 markets.

But given the returns that UKEF provides to the Treasury, it's not unreasonable to ask whether or not we should be looking at taking on increased risk appetite, while of course noting the importance of responsible and prudent use of taxpayers' money.

Earlier this year, for example, I announced that UKEF will provide an additional £1 billion in UK support to Iraq – and that's on top of the £1 billion backing we have already given for critical infrastructure projects in that country.

And this additional capacity will enable UKEF to increase its risk appetite in Iraq's growing market subject to our established lending standards.

After all, it is in our own national interest to support economic development, promote nation-building and back additional UK exports. And the

work that the Department for International Trade and UKEF is doing is already working for the British economy.

In the year to March, British exports of goods increased by 4.2% while total UK exports have now reached a record £640 billion.

And we want all British firms large and small, that are able to export, to be part of this success in the future.

That's why over the past decade UKEF has provided over £30 billion-worth of support helping over 600 UK exporters to grow their businesses in overseas markets.

Building a truly Global Britain takes real investment. It cannot be done, quite obviously, 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 will be at the very forefront of this investment strategy.

The agency has gone from strength to strength in the 100 years since it was launched as the world's first export credit agency.

And, 100 years from now, I believe it will still be supporting British businesses, opening up new markets, creating new trading partners and supporting other countries out of poverty.

But if there is one message that I want you to take away today it is this:

If you are considering exporting for the first time, or want to take on a new project abroad, and need some help to do so, look no further than UKEF.

From the smallest family business to the largest multinational, UKEF has the expertise and resources you need to turn your export potential into profitable reality.

And as the sun rises on our future as an ambitious, creative, and truly global independent trading nation outside the European Union, we are determined that all our firms, both large and small, have the opportunity to share in Britain's export success story.

The only thing that will limit us is the scale of our own ambition.