

Speech: UK Export Finance at the heart of trade promotion

Good morning.

It is a pleasure to open the UK Trade and Export Finance forum 2018.

UK Export Finance is a part of the Department for International Trade of which I am extremely proud.

There are few other countries where businesses are offered such a generous and accessible financial support for their exporting activities.

All of DIT's work is, of course, vital for building a successful commercial environment for UK firms.

Yet UK Export Finance stands out because of the truly transformative effect that it can have on a business and its fortunes, and, by extension, the profound impact it can have on economic performance.

Yet, in the past, I have heard UKEF called 'the Government's best-kept secret'.

Fortunately, this is certainly not true for those companies and industry bodies who have joined us here today.

This forum will allow you to tap into the expertise of the whole of DIT, as our leading trade and policy experts discuss global opportunities, emerging trends, developing markets and exporting culture.

You will also have an indispensable opportunity, in our surgery sessions, to find advice that is tailored to your business needs and find out how UKEF can help you fulfil your exporting potential.

This morning, I would like to explain more about UKEF's plans and ambitions, and to announce some of its major recent successes.

But before I talk about the how, I would like to address the why.

I'm sure that most will be familiar with the phrase Global Britain.

I'd be surprised if you hadn't, given that it's printed on your programmes!

Global Britain is not just a slogan or a buzzword – it is an encapsulation of the Government's wider strategy, and our vision for the UK's political, diplomatic and economic future.

Whatever your view of the Referendum result, it is clear that leaving the European Union is a path that will offer its own opportunities.

But it is also clear that we in Britain needed to improve our export

performance, whether or not we remained in the EU.

If the UK is to continue to prosper through the 21st Century, then we need to take advantage of a dramatically shifting picture around the world where previous assumptions are being challenged, where influence is moving and where huge new markets are blossoming.

I often repeat the fact that the IMF estimates that, in the next 10 to 15 years, 90% of global economic growth will originate from outside the European Union.

This is not to diminish the importance of Europe as an economic partner, but merely to point out the scale of the shift in global economic activity and the value of ensuring we are orientated towards the most income generating parts of the global economy.

The thriving economies of South and East Asia and, increasingly, Africa, are, and will become, even more important as their newfound prosperity drives demand for the goods and services of the developed countries prepared to interact with their markets.

By 2020 China's middle class is expected to number 600 million, and by 2050 Africa on its own will represent 54% of world population increase.

By 2030 China will amazingly have over 220 cities with a population greater than 1 million people. The whole of Europe will have 35.

And on top of the vast Asia-Pacific growth it is predicted that there will be 1.1 billion middle class Africans by 2060.

Such a shift, not just in global demographics, but in the rise of the collective wealth of developing countries, will determine where the golden opportunities of the future will be and where we must be too.

Markets are already out there for the best that Britain has to offer.

For UK export goods from top end fashion to high-quality cars to Scotch whisky to high-end manufacturing, the demand is growing.

For professional services too, from accountancy to law or education or life sciences or financial services, these newly emergent middle classes will need more of the skills where we are already world class.

And, of course, advancing economies will have increasingly sophisticated infrastructure requirements, from clean energy, to utilities to transport networks.

It is here that we will find the United Kingdom's unique comparative advantage.

We must, as a country, set our sights on this future.

We have to take a long-term view.

And our future must be global.

Because the pattern of our trade is changing.

57% of Britain's exports are now to outside the EU, compared with 46% in 2006. A huge change in a relatively short time.

What is more, while our EU exports are still dominated by goods, our non-EU exports are evenly split between goods and services.

Our approach should not be premised on simply identifying how much of our current relationship we want to keep, but what we need to prosper in a rapidly changing global environment.

We cannot let the practices and patterns of the past constrain the opportunities of the future.

We require an economic outlook that allows us to take advantage of the substantial opportunities that Europe will continue to bring but without limiting our ability to adapt to a changing and growing world beyond the European continent.

The UK is perfectly placed to partner with the economic powerhouses of the future, and they in turn are eager for the mutual prosperity that such a partnership would bring.

The Department for International Trade was founded to shape that economic outlook, and to create an environment in which UK businesses can flourish and realise these global opportunities.

This of course means constructing an independent international trade policy – the first in more than four decades – that delivers our free-trade agenda and opens these global opportunities to British businesses.

But it also means practical measures – offering support, advice and guidance to those firms trading or investing overseas, whether they are seasoned exporters, or venturing into a new market for the first time.

This is where UK Export Finance comes in.

Last year, UK Export Finance published a new business plan, setting out our ambitions for the UK's export credit agency.

The plan recognises the power of export finance as an essential tool in the UK's international success and puts UKEF at the heart of trade promotion.

A year on, we are fulfilling that ambition, ensuring that UK exporters benefit from one of the world's best export credit agencies with wide-ranging products and an innovative approach.

In 2016/17 we saw UK goods exports increase by over 11%, far outpacing the predicted 3.6% growth in global trade.

In the same period, UKEF provided £3 billion in support for UK exports.

Crucially, UKEF's support is not just for big business.

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

As of October, SMEs can apply for UKEF bond and working capital support for up to £2 million directly from five major high-street banks – whose representatives are here today – without having to approach UKEF separately.

Approval only takes as long as the bank's own process, and now companies in the supply chain can also access this support.

As a result of the various changes we have made, to the astonishment of many, 79% of UKEF funding went to SMEs last year.

Our overseas operations have been stepped up as well.

In our target markets, we have issued expressions of interest to support major international projects and launched a new international network for UKEF and DIT that will provide front-line finance specialists in key international markets.

Underpinning this, in the last year we have increased – in many cases doubled – our capacity to finance trade with over 100 markets.

We've added another 20 international currencies to our local financing capability, bringing the total to more than 60 – more than any other export credit agency worldwide.

Buyers of UK goods and services from Brazil to Zambia can now access twice the finance in their own currencies when they buy from the UK – buying British and paying local.

I would like to take this opportunity to announce three significant opportunities that UKEF have recently opened up for UK business.

Today, we will be signing a memorandum of understanding with Atkins – one of the world's foremost engineering and project management firms, to facilitate their exports and enhance their involvement in projects around the world.

With up to 30 projects already identified across 15 countries, this support will open up significant opportunities with Atkins to UK suppliers, creating jobs and prosperity across the whole of the UK.

We have recently signed a MOU with the Uzbekistan Reconstruction and Development Fund, to open up projects in Uzbekistan's oil and gas sector to UK companies.

BP estimates that there are 1.1 billion cubic meters of proven natural gas reserves in the country, and UK partnership in engineering and infrastructure

projects will prove vital for their extraction.

And lastly, we have agreed to provide a £103.5 million loan in support for the construction of the Dubai World Trade Centre.

The loan will finance a contract for ASGC UK, a recently-established UK arm of a Dubai construction company.

They are part of a growing trend of foreign companies establishing a presence in the UK to develop their supply chains in this country, as well as tapping into our world-leading construction and infrastructure expertise.

Clearly, this is a pattern we want to encourage.

Shortly, I will hand back over to Louis [Taylor] for the first of today's sessions.

But before I do, I would like to leave you with one final thought.

The world is changing.

Globalisation and new technology have eroded the old certainties of international trade.

New industries have sprung up with astounding speed, eclipsing established structures through sheer force of innovation.

We are in an era of unprecedented challenges, but also of limitless opportunity.

The UK is ready to rise to the occasion. We now have the freedom to be adaptable and responsive.

We can match the ingenuity of those disruptors with innovation of our own, ensuring that UK firms are always best-placed to exploit those opportunities.

UK Export Finance is at the forefront of this. Already, we are adapting our financial provision to meet the needs of UK companies in this new global trading environment.

We intend to transform this country into the greatest trading nation on earth.

And with UK Export Finance support, the only limit is the scale of our ambitions. That is the challenge for all of us.

Thank you.