

UK and Turkey agree clean transport deal worth £1.7 billion in boost to British rail industry

- UK Export Finance guarantee a EUR2.1 billion loan to fund construction of 503km high speed electric railway
- Huge nine-figure contracts set to be awarded to UK rail suppliers as a condition of UK support
- Deal announced at UK-Türkiye Green Finance Conference designed to help Turkey finance major climate-friendly projects and meet its COP26 commitments

UK government's biggest ever sustainable, civil infrastructure deal will help finance a new high speed electric railway line in Turkey to decarbonise travel, with major contracts awarded to British and Turkish businesses.

The EUR2.1 billion green financing will be guaranteed by UK Export Finance (UKEF), through its Buyer Credit Scheme, with Credit Suisse and Standard Chartered structuring and coordinating banks arranging the transaction.

This is the first UK-supported rail transaction in Turkey for over 160 years, and forms part of Turkey's plan to transform high speed rail in the country.

The new 503km electric-powered railway line will connect Ankara, Turkey's capital, to the huge port-side city of Izmir. When complete, the new line will provide a faster, lower carbon alternative to current air and road routes between the two cities, helping to fulfil Turkey's climate change commitments made at COP26.

International Trade Secretary Anne-Marie Trevelyan said:

Turkey is a vital trading partner for the UK. Our shared global outlook on free trade and the environment is the driving force behind economic growth in our two nations.

It is fitting that UK Export Finance's biggest ever civil infrastructure deal is strongly sustainable. This is a proud moment for the UK railway industry, using its industrial roots to reduce emissions in heavily polluted cities.

Treasury and Finance Minister for Türkiye Dr. Nureddin Nebati, said:

Referring to the Bilateral Cooperation Agreement signed between the UK and Türkiye in 1999; we have successfully achieved the closing of the landmark financing of Ankara İzmir High Speed Railway

Project under the green loan structure.

We have given utmost importance to the environmental and social procedures during this project and as the Ministry of Treasury and Finance we are closely following the improvements of such issues. We also desire to be among the active and important players of the rapidly growing green finance market.

We are very glad for the cooperation and strong longstanding relations with UK government and we hope to further strengthen our collaboration.

Turkey is one of the UK's most important independent trading partners. The bilateral trading relationship was worth £17.5 billion in the four quarters to the end of Q3 2021, increasing by £1.4 billion from the same period in 2020.

The deal will secure major contracts for UK companies of all sizes to supply to the project, with several nine-figure deals for UK companies close to being agreed. Engineering and construction giants ERG International Group is using its close ties with the UK supply chain to support the project. UK companies are expected to supply British-made railway lines, turnouts, point machines, fasteners, material and equipment for signaling, telecommunication and electrification systems, as well as vital insurance and freight services.

The financing was led by Credit Suisse and Standard Chartered Bank with support from UK Export Finance and meets internationally recognised sustainability standards and is aligned with the Green Loan Principles. Reinsurance is also being provided by international export credit agencies such as SACE in Italy, SERV in Switzerland and OeKB in Austria, reducing the risk to the UK taxpayer.

Yoshi Ichikawa, Head of Structured Export Finance for Europe, Standard Chartered Bank said:

We're proud to further strengthen our relationship with the Turkish government, providing a loan structured with a clear focus on international social and environmental standards, and working closely with Credit Suisse and UKEF. This support is another in the line of Standard Chartered's financing in Türkiye to help the government deliver its railway infrastructure plan.

Murat Dedeoglu, ERG International UK, Group CEO said:

ERG is honored with the achievement and its historic milestone. ERG look forward strengthening ties with UKEF and the Turkish

Government in the construction sector and adding value to the economies by making advance engineering and technological solutions available. Like in all our previous projects over the last 50 years, ERG is committed to create sustainable economic added value.

ERG's Turkish and UK based Environmental & Social teams will bring many years of international experience to this important project, in order to ensure that IFC, Equator Principles, and national standards are at all times met. We would like to thank all our partners and stakeholders in the UK, Europe and Turkey to make this dream project come true, which will positively change and enhance the lives of millions of travellers and people living along the alignment.

Contact