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Dr Sarah Wollaston MP
Chair of the Liaison Committee
House of Commons
London SW1A 0AA

12 February 2018

Dear Dr Wollaston,

I am writing in reference to the Committee's evidence session on 7 February 2018 into the cross-government response to Carillion's collapse. I think it may be helpful to the Committee for me to clarify the nature of UKEF's relationship with Carillion and consequently any exposure to the public purse.

UKEF is the UK's export credit agency, with a mission to ensure that no viable UK export fails for lack of finance or insurance from the private sector, while operating at no net cost to the taxpayer. UKEF helps UK companies to export by providing insurance, guarantees and loans, backed by the strength of the government's balance sheet. UKEF charges premium for its support to reflect the risk it assumes and to cover its operating costs. It charges commercial rates of interest on lending that it supports.

Where UKEF has provided support for Carillion contracts, the support has taken the form of loans, or guarantees on bank loans, to help Carillion's overseas customers buy from the UK. The loan or finance has therefore gone to the overseas buyer, not to Carillion itself. Likewise, with other UK construction firms such as Keir, where UKEF has provided support for their export contracts, the loan or finance has gone to the overseas buyer, not the UK company.

For the majority of Carillion projects that UKEF has supported, construction has been completed, and finance is now being repaid by the overseas buyers without any issues, and in these cases, payments will continue as agreed. For projects where construction is yet to be completed, UKEF is working across government and with the parties involved to find an appropriate solution, although amounts already drawn are properly owed.

I would like to close by emphasizing that UKEF has no direct financial exposure to Carillion, and has lost no money in relation to Carillion, nor has it suffered any customer default as a result of Carillion's issues.

Yours sincerely,

Louis Taylor
Chief Executive