

INDUSTRY AND EXPORTS (FINANCIAL SUPPORT) ACT 2009

EXPLANATORY NOTES

BACKGROUND AND SUMMARY

Amendment to the Export and Investment Guarantees Act 1991

11. Under section 1(1) of the EIGA, the Secretary of State, acting through ECGD, has the power to make arrangements with a view to facilitating the supply of goods or services from persons carrying on business in the United Kingdom to persons carrying on business outside the United Kingdom. Under section 1(4) of the EIGA, these arrangements may take the form of financial facilities or assistance for, or for the benefit of, persons carrying on business. The financial facilities or assistance may be in any form, including guarantees, insurance, grants or loans.
12. The power under section 1(1) allows ECGD to make arrangements to facilitate future exports, for example, by assisting a person who wishes to export goods or services. But the wording of section 1(1) restricts ECGD's ability to give support to exports which have already taken place. There is a continued increase in demand from exporters for ECGD support in the form of "reimbursement cover", that is, for an ECGD guarantee of repayment of a loan taken out to refinance the cash purchase of UK exports. In addition, requests for ECGD support are often made at a stage when the goods or services will be exported before ECGD can take a decision, particularly where ECGD must satisfy itself that it has complied with relevant Government policies. In the Government's view, it is necessary to ensure that ECGD is able to provide support in respect of an export, whether or not that export has been made.
13. The Act achieves this by amending section 1(1) of the EIGA to enable ECGD to make arrangements "in connection with" exports rather than "with a view to facilitating exports".