



# Environmental Audit Committee

House of Commons, London SW1A 0AA

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Louis Taylor  
Chief Executive, UK Export Finance  
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By email

20 November 2020

## UKEF support to ENKA UK

Dear Louis,

The Environmental Audit Committee in the last Parliament held an inquiry looking at UKEF's support for fossil fuel projects overseas, to which you kindly gave evidence. As part of that inquiry, we also heard evidence from General Electric and ENKA UK about an agreement for UKEF to provide support to ENKA UK relating to the construction of two gas power plants in Iraq, at Samawa and Dhi Qar.

Both General Electric, in their evidence,<sup>1</sup> and ENKA themselves<sup>2</sup> indicated an intention for ENKA UK to set up an office in the UK following the financial close of phase 1 of the project, and ENKA UK said that they were planning to employ 5 people locally.<sup>3</sup> Both companies also highlighted that the support from UKEF would enable a substantial proportion of procurement for the project to be sourced from the UK supply chain.<sup>4</sup>

In your own evidence, you provided further details of this support, and said that while UKEF policy was to require a minimum of 20% UK content for supported projects, in many cases a higher proportion was achieved.<sup>5</sup> In the case of the Iraqi power plants project, you told the Committee that the aspiration was to achieve 40% of UK content in the supply chain, amounting to around \$250 million for phase 2 of the project.<sup>6</sup>

The Committee has been made aware of some concerns about the progress of these commitments, and I would be grateful if you could provide us with the following information:

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<sup>1</sup> Environmental Audit Committee, *UK Export Finance* (HC 1084, 2017-19), [Q145](#).

<sup>2</sup> [Q329](#) et seq.

<sup>3</sup> [Q335](#).

<sup>4</sup> [Q147](#); [Q354](#).

<sup>5</sup> [Q218](#).

<sup>6</sup> [Q216](#).

1. What procedures are in place to ensure that companies who enter into agreements with UKEF comply with their requirements, particularly those on the percentage of UK content in the supply chain?
2. Has UKEF conducted any follow up with ENKA UK on the commitments which formed part of its agreement with UKEF?
3. Is UKEF aware of ENKA UK having employed any local hires as a result of establishing an office in the UK?
4. What proportion of the goods and services that constitute the wider procurement chain for this project have been sourced from UK companies?

In addition, ENKA UK's 2019 accounts indicate that phase 2 of the project was not able to proceed as planned in 2019, and that financial closure of phase 2 is expected to be completed in Q4 2020.<sup>7</sup> What liabilities does UKEF hold in relation to the project, in the event that the project is unable to be completed as intended? Have any liabilities been incurred by UKEF as a result of this delay?

I would be grateful for a response by 16 December 2020.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Dunne', written in a cursive style.

**Rt Hon Philip Dunne MP**  
**Chairman of the Environmental Audit Committee**

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<sup>7</sup> Companies House, [ENKA UK Construction Ltd. Report and Financial Statement for the year ended 31 December 2019](#), accessed 10 November 2020.