

Introduction

1. We, INEOS, are one of the largest privately-owned companies in the UK and one of the largest chemical companies in the world.
2. We are developing a new world-scale multibillion-euro olefin complex in Antwerp, Belgium.
3. We intend to finance our project by a combination of limited recourse project and corporate resources. The debt funding requirements of our project are significant and a combination of sources of financing will be required. The ability of the prospective EPC contractors to attract ECA financing will be an important criteria in the EPC selection process for our project.
4. ECAs are expected to be the largest single funding source for our project and we believe maximising ECA participation is critical to securing the debt funds required.
5. Our project will be fully integrated into INEOS' value chain and olefin volumes produced by the Project will predominantly feed a number of INEOS' derivative units in Belgium, Germany and the UK.
6. Our project is the largest investment to be made in the European chemical sector for the past 20 years and is expected to contribute to a reverse in the decline in the European chemical industry by supporting the growth and development of INEOS' European customers – including UK customers - in the coming years.
7. Our project will be strategically located in the Port of Antwerp in an existing industrial area with deep sea access and already connected to major olefin pipelines in Northwest Europe. The Project will boost employment in the Antwerp region and strengthen the position of the chemical industry as one of the key sectors of the Belgian economy.
8. The construction of our project is expected to be carried out by a number of contractors – mainly from Europe.
9. Wood Group from the UK is acting as program management partner and will oversee the construction of our project. Wood Group is also currently acting as FEED contractor for two work packages (out of four).
10. Discussions have been engaged with a number of ECAs – including, amongst others, UKEF. INEOS being a privately-owned UK company, we would very much value a participation of UKEF in the financing of our project.
11. We are also keen to explore with UKEF how additional relevant UK contractors and subcontractors could be introduced to us and brought in the construction of our project.

Operation

- How comprehensive is UKEF's product offering - and how attractive are particular products when compared with private sector options?
12. *[Response: In our view, UKEF's product offering in the context of project financings is very comprehensive.]*

13. *Clearly, UKEF can bridge funding gaps when certain private sector players (essentially commercial banks) are unwilling to lend. We further note that UKEF can offer longer debt tenors than may otherwise be available from the commercial bank market.*
 14. *We also appreciate UKEF's flexibility with respect to UK content requirements – we understand for example that UKEF can potentially support contracts where up to 80% of the content is sourced from outside the UK. This level of flexibility is much greater than that of the vast majority of the other ECAs.*
 15. *Our understanding is that UKEF does not provide untied programs based on UK equity investments overseas. We think that offering this type of program (as a number of other lead ECAs – in particular Asian ECAs - do) would improve UKEF's product offering and would foster the development of UK companies abroad.*
 16. *More generally, we believe that UKEF should remain a primary competitive financing source. To us, competitiveness essentially means the ability to provide affordable funding in an efficient manner. While in our opinion UKEF's process is one of the most efficient amongst those of the lead ECAs worldwide, we also think a more streamlined and straightforward decision-making process, based on fit-for-purpose due diligence and support – more aligned with those of the vast majority of the commercial banks – would improve UKEF's overall competitiveness.*
- How suitable is UKEF's process for assessing applications for support?
 17. *[Response: While preliminary discussions have been engaged with UKEF, the financing process for our project in Antwerp is not advanced enough to be in a position to answer this question. We however would like to underscore the quality of the initial exchanges we have had with UKEF (in particular the Oil, Gas & Petrochemicals team) to date. UKEF's Oil, Gas & Petrochemicals team includes seasoned experts who very well understand the specificities of our industry.]*
 - Do particular sectors, types of projects, or projects involving certain export destinations receive more UKEF support than others?
 18. *[Response: We understand that, in March 2020, UKEF announced a package of measures to improve its support for low-carbon sectors.*
 19. *We fully support the transition to a low-carbon economy and we are developing our project using state-of-the-art technology and best available techniques. Our project will set a new European benchmark in terms of technology, efficiency and environmental impact (including CO2 emission) in the chemical sector. Our project's carbon footprint per ton of product is expected to be the best in Europe and much lower than the European industry average.*
 20. *This new benchmark in Europe will incentivise industrial players to modernise their existing plants and generally drive the industry toward more efficient processing and products that are aligned with climate change objectives. In our view, supporting world-scale mega projects such as ours is therefore equally important as supporting pure renewable projects.*

21. *We respectfully believe that too much emphasis is given to “eye-catching” renewable, alternative energy or far-reach technologies, rather than supporting the majority of industry in its low-carbon transition.– The reinvestment into industry through state-of-the-art strategic world-class industrial projects meeting high environmental standards (such as our project) should be the primary emphasis. Our project is strategic for the Belgian economy and will boost employment in the Antwerp region. As the largest investment to be made in the European chemical sector for the past 20 years, our project will also create indirect jobs and boost investment across Europe (notably through the numerous contractors and sub-contractors to be involved as well as our industrial clients further downstream the value chain).]*

- Are UKEF’s performance targets suitable? Is UKEF’s current financial allocation from HM Treasury and risk appetite appropriate to allow it to meet these targets?

22. *[Response: We are not in a position to opine on this specific issue.]*

- How can UKEF continue to support economic recovery from the COVID-19 pandemic?

23. *[Response: In our view, UKEF’s support to the economic recovery from the COVID-19 pandemic could translate into even greater support to large-scale job-creating industrial projects in Europe such as our project in Antwerp. While the transition to a low-carbon economy is critical, we view job creation – and promotion of UK exporters - as equally important in these difficult times.]*

Engagement

- How user-friendly are UKEF products for its range of customers, including small and medium enterprises? How well does UKEF communicate its offering to new and existing customers?

24. *[Response: UKEF’s product offering for project financings is clear to us. In addition, UKEF very clearly responded to the few clarification queries we had on the products offered by UKEF.]*

- How does UKEF engage with DIT, the British Business Bank and private sector partners to ensure the requirements of businesses exporting overseas are met?

25. *[Response: We are not in a position to answer this question.]*

- To what extent does UKEF draw on external expertise and knowledge in the design and review of its products?

26. *[Response: We are not in a position to answer this question.]*

- What could UKEF learn from other successful export credit agencies around the world?

27. *[Response: As mentioned earlier, we are of the view that UKEF could improve its offering by proposing untied programs supporting UK equity investments overseas (as a number of other lead ECAs do).]*