

Company

Primetals Technologies is a provider of plant equipment and services for the metals industry with a global organisation including 7000 employees, 12 centres of competence and offices in 26 Countries. We deliver the most advanced and innovative solutions to our Customers, with thousands of references worldwide and over 100 years of experience in the steel and aluminium industry. Current focus is on new solutions for greener metals production, digitalisation of all production-related processes and advanced automation, as summed up by the term “Industry 4.0”.

Reason for submitting evidence

Contribution invited by Robert Wright, Business Manager, UKEF.

Evidence

Summary

1. UKEF’s products – not promoted effectively, more proactive approach required
2. Direct Lending Facilities – to be made more available
3. Export Credit Insurance – to be made more available
4. Applications for support – more responsiveness required and process to be streamlined
5. Wider support for other industries – too much focus on Oil & Gas
6. More support for small projects in developed countries required
7. Risk Management – to be improved, UKEF is too risk averse
8. UKEF not joined up with DIT, British Business Banks and private sector partners

1. From the point view of our business, the UKEF's product offerings we are essentially interested in are Export Credit Finance and Export Credit Insurance. We are quite familiar with these products since we have a long experience of dealing with the UKEF, however we believe that the product portfolio of the UKEF is not promoted effectively and the offerings do not reach all the businesses that could potentially benefit from them, especially small and medium businesses. The approach of the UKEF is reactive rather than proactive. It's up the businesses to engage with the UKEF, propose solutions and verify their viability, as opposed to the UKEF identifying solutions for the businesses upon presentation of the projects.
The communication of the UKEF offerings to small and medium enterprises should be improved to enhance the cooperation with existing customers and reach out to new customers.
2. A very attractive product compared with private sector options is the Direct Lending Facility (DLF). When it was first introduced a few years ago, DLF was available for a wide range of projects in many countries. Our company was one of the first to utilise the product for a project in Canada, and this was instrumental to secure the order. Subsequently the eligibility criteria have become narrower and narrower, so that DLF is now, in practice, available only for large projects in underdeveloped countries where the private sector is reluctant to take risks.
3. Regarding Export Credit Insurance, the UKEF policy is potentially available only if Private Risk Insurance cannot be obtained and therefore it appears like a last resort rather than an alternative to the private sector.
4. Applications for support should be more proactively and efficiently managed by the UKEF with clearer instructions as to the process, timescales and information to be provided. Response times are very slow and need to be improved, more guidance from the UKEF is required to explore opportunities, possible solutions, and bridge any gaps in the process. This constitutes a matter of urgency, especially considering the challenges the UK economy is facing due to the effects of the COVID-19 pandemic and Brexit.
5. Large projects in the Oil & Gas sector seem to receive more support from the UKEF than smaller "greener" projects. Projects not located in underdeveloped countries receive very little attention.
6. The UKEF should be more supportive of medium and small projects in all countries, which represent the real short-term opportunities for many companies in the UK, including ours. At the moment the UKEF organisation does not appear to be geared towards supporting this type of projects.
7. The UKEF appears to be in principle risk averse, without a robust risk management system in place, which explores appropriate mitigation measures, making more projects eligible for support. Other export credit agencies around the world show more appetite for taking risk and managing it.
8. The UKEF is not joined up at all with the Department for International Trade. Businesses need to engage separately with UKEF, DIT, British Business Banks and private sector partners and coordinate the activities and efforts. Our view is that the UKEF should instead facilitate the process.