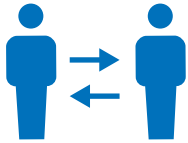
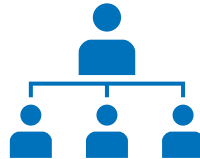


UK exporter and buyer



A **UK exporter** is pursuing a contract to supply goods or services to an overseas buyer. This could be following an invitation to tender or a negotiated contract.



The UK supplier and overseas buyer makes contact with their **bank** and **UKEF** to see if they can provide support.



The bank providing the finance must be acceptable to **UKEF**.

For a direct lending facility, **UKEF** has a panel of partner banks to arrange and administer the loan on **UKEF's** behalf.



The **overseas buyer** starts to make repayments of the loan to the bank.



The loan agreement between the **overseas buyer** and the **bank** is agreed.

The UK exporter supplies the goods or services as agreed.

The bank completes the arrangements and releases the funds to the UK exporter as pre-agreed with the overseas buyer to pay for the goods or services delivered.



UKEF reviews the application and makes a decision on whether to provide support for the contract through a guarantee, direct loan or combination of the two.

The illustration above shows an example of a transaction involving a UK exporter and a buyer; however, UKEF is also able to support other structures.



UK Export
Finance

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This document is also available on our website at gov.uk/uk-export-finance. Any enquiries regarding this publication should be sent to us at marketing@ukexportfinance.gov.uk

Disclaimer

The information available in this product guide is not intended to be a comprehensive description of UKEF's products. Many details relevant to particular circumstances may have been omitted. Applicants for products must read the full policy or guarantee to see whether it meets their needs. When considering applications, underwriters will look at each case on its merits.



UK Export
Finance

Step-by-step guide for buyers



Buyer support

What support is available for buyers?

UKEF is able to provide support for buyers looking to purchase goods and services from the UK. These facilities allow the exporter to receive payment up-front as though it had a cash contract, while the buyer can access extended repayment terms at a competitive interest rate.





40 currencies

UKEF can provide buyer credit facilities in over 40 local currencies, including US Dollars, Euros, Offshore Renminbi and Yen.

Why might a buyer need support?

When entering into a contract, a buyer might want to pay for goods and services sourced from the UK over an extended period of time, while the UK exporter might want payment once the goods and services are supplied. A bank can lend the buyer money, repayable over a longer period, to allow them to pay the exporter up-front.

The UKEF guarantee provides the buyer access to an alternative funding source, while benefiting from the UK's credit rating, resulting in an attractive finance package for the buyers of UK goods and services.

What are the benefits of buyer support from UKEF?

- **the exporter** is paid as soon as the goods have been shipped or services performed
- **the buyer or borrower** has time to pay over a number of years and can borrow at fixed or floating rates
- **the bank** receives a guarantee from UKEF for the amount due under the loan, bills of exchange or promissory notes

How does this support work in practice?

Under a **buyer credit facility**, UKEF provides a guarantee to a bank, enabling the bank to provide competitive finance for a buyer to pay for goods and services sourced from the UK. The loan is typically repaid over a period of two years or longer, while the exporter receives payment through the credit facility as amounts fall due under the export contract. This facility is available for contracts over £5 million.

Under the **direct lending facility**, UKEF can provide loans directly to overseas buyers to finance the purchase of capital goods and services. A member of UKEF's bank panel will arrange and administer the loan.

Supplier credit facilities are available in two forms. The first operates similarly to a buyer credit facility, but is typically available for lower loan values of less than £5 million. Under the second, the bills and notes supplier credit facility, a bank can buy the receivables from the exporter, underpinned by a guarantee from UKEF. This means that the exporter receives payment up-front, while the bank is repaid by the buyer as set out in the terms of the contract.

These types of support are available typically with 2-10 years tenor, although they could be shorter or longer depending on the sector and the deal structure.

In all cases, UKEF can support up to 85% of the contract value, and charges the buyer a fee for its guarantee.

What kind of project structures can a UKEF guarantee support?

UKEF can consider support for corporate, sovereign and public buyers, and a range of structures including:

- Lines of credit
- Limited resource project finance proposals
- Public-private partnerships
- Islamic finance
- Capital markets refinancing

Which transactions are eligible for this support?

- The bank providing the finance must be accepted by UKEF
- At least 20% of the contract value must be UK content
- The buyer must meet UKEF's minimum risk standards
- The transaction must satisfy UKEF anti-bribery and corruption, and environmental, social and human rights due diligence
- The transaction may not be supported if there are sanctions imposed on the country



What are the next steps?

Contact UKEF's international business development team on:

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e: internationalenquiries@ukexportfinance.gov.uk

w: gov.uk/uk-export-finance