

Bird & Bird Satellite Bulletin

November 2016



UK Export Finance Support for the Space Industry

The UK space industry received a boost in the UK Government's Autumn statement which proposed to strengthen the role of UK Export Finance (UKEF) in a move to encourage UK exports as the UK leaves the EU.

The UKEF has faced requests by the space industry to step up to compete with the support provided by the other major export credit agencies: COFACE in France; EXIM in the US; Export Development Canada; and the Chinese export credit agencies (ECAs). Of the emerging market ECAs outside the OECD, the Chinese ECAs have shown the most dramatic increase in activity levels.

For several years, UKEF has stated that it has the capacity to support satellite transactions, equivalent to their other ECA counterparts. UKEF has actively been raising its profile in the space industry, and we are aware of several projects that it is currently working on - but there is some way to go before it has the same profile as ECAs such as COFACE.

August Statement Proposals

In the Government's Autumn statement on 23 November, the Chancellor announced doubling UKEF's risk appetite to £5 billion, and increasing capacity for support in individual markets by up to 100%. This will result in as much as £2.5 billion of additional capacity to support exports to certain destinations.

Key UKEF and trade measures include:

- doubling the financial support for UK exporters;
- the allocation of £79.4 million to the Department for International Trade (DIT) to develop and deliver an independent international trade policy-increasing the number of pre-approved local currencies in which UKEF can offer support from 10 to 40, enabling more overseas buyers of UK

exports to buy British goods and services in their own currency; and

- an improved risk management framework and the use of private insurance markets to reduce the Government's exposure.

UKEF plan to make it easier for UK businesses to break into overseas markets and export UK goods and services to "ensure that no viable UK export should fail for lack of finance or insurance from the private sector".

In order to support UK trade policy more generally and the UK's exit from the EU, additional resource is planned to be provided to strengthen trade policy capability in DIT and the Foreign and Commonwealth Office, totalling £26 million annually by 2019-20.

It will be interesting to watch what this additional support will look like in practice particularly over the next few years.

If you have any queries or would like to receive further information please contact:

Joanne Wheeler

Partner, UK

Tel: +44 20 3017 6847

joanne.wheeler@twobirds.com

Brett Hailey

Partner, UK

Tel: +44 20 7905 6394

brett.hailey@twobirds.com

Zoe Feller

Legal Director, UK

Tel: +44 20 3017 6950

zoe.feller@twobirds.com

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Our international team offers clients a one-stop shop to address the issues they face, with expert lawyers across Europe, the Middle East, Asia, and strong experience in Africa.

Our satellite group fits neatly within Bird & Bird's world leading Tech & Comms sector group, which offers advice in related sectors such as: energy and utilities, life sciences, transport and maritime, aerospace, defence and security, aviation, financial services, and healthcare. Bird & Bird also house a team focused on SMEs and the needs of start-ups.

Get in touch



Joanne Wheeler
Partner, UK

Tel: +44 20 3017 6847
joanne.wheeler@twobirds.com



Graeme Maguire
Partner, Global Head of Tech & Comms, UK

Tel: +44 20 7905 6218
graeme.maguire@twobirds.com



Hamish Fraser
Partner, Australia

Tel: +61 2 92269815
hamish.fraser@twobirds.com



Marjolein Geus
Partner, The Netherlands

Tel: +31 70 353 8806
marjolein.geus@twobirds.com



Anne Federle
Partner, Belgium

Tel: +32 2 282 6088
anne.federle@twobirds.com



Frédérique Dupuis-Toubol
Partner, France

Tel: +33 1 42 68 6023
frederique.dupuis.toubol@twobirds.com



Michelle Chan
Partner, China & Hong Kong

Tel: +852 2248 6111
michelle.chan@twobirds.com



Michel Matas
Partner, France

Tel: +331 42 68 6360
michel.matas@twobirds.com



Sven-Erik Heun
Partner, Germany

Tel: +49 69 74222 6158
sven-erik.heun@twobirds.com



Jenni Tapio
Senior Associate, Finland

Tel: +358 96 226 788
jenni.tapio@twobirds.com



twobirds.com

@TwoBirdsTech

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