



## Department for International Trade

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Angus Brendan MacNeil MP  
Chairman, International Trade Committee  
House of Commons  
London SW1A 0AA

15<sup>th</sup> April 2019

Dear Angus

### **Increasing UK Export Finance's cover for Iraq**

I am writing to inform you of an increase to UK Export Finance's (UKEF) cover for Iraq.

The UK Government is committed to supporting Iraq's economic development and helping the Government of Iraq deliver critical infrastructure for its people. I have therefore concluded that it is in the national interest for UKEF's market risk appetite for Iraq to be increased from £1 billion to £2 billion and I have instructed UKEF to make the appropriate arrangements for implementing this.

This increased country limit will enable UKEF to support further priority projects that can promote nation-building efforts in Iraq and strengthen our partnership with the Government of Iraq. The increased limit makes £1 billion more available to British firms operating in Iraq, supporting skilled UK jobs and enabling additional UK exports to, and investments in, Iraq.

As you are aware, UKEF's risk framework limits the amount of risk which can be undertaken in relation to individual markets based on its risk rating and the size of its economy. While an increased limit would not in itself cause UKEF to breach its financial objectives across its global portfolio, it could have the effect of limiting its capacity to support exports in other countries that UKEF may otherwise wish to support. UKEF's £1 billion finance capacity for UK exports to Iraq has been fully deployed, including on projects in water and waste water treatment, support for Siemens for the Al Mussaib power station, and for oil and gas solutions.

I have consulted with my Ministerial colleagues and have subsequently issued a Ministerial Direction instructing UKEF to secure the £1 billion uplift, which would otherwise have fallen outside of UKEF's established risk framework.

UKEF will continue to apply its standard terms of underwriting, including robust transaction-specific risk standards to manage the risks of any further projects it supports in Iraq.

A copy of this letter will be placed in the House of Commons Library.

A handwritten signature in blue ink, appearing to read 'Liam Fox', with a stylized flourish at the end.

**THE RT HON DR LIAM FOX MP**  
Secretary of State, Department for International Trade  
& President of the Board of Trade