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Industry and Exports (Financial Support) Bill

[Bill 70 2008-09]

This Bill would amend section 8(5) of the *Industrial Development Act 1982* and section 1(1) of the *Export and Investment Guarantees Act 1991*.

The Bill proposes to increase the total level of financial support to industry allowed under section 8 of the *Industrial Development Act 1982*.

The Bill also proposes to widen support provided by the Export Credits Guarantee Department (ECGD) to include exports that have already taken place.

Edward Potton

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Summary of main points

The Bill has two purposes – to raise the financial ceiling on support to industry outside assisted areas allowed under the *Industrial Development Act (IDA) 1982* (these limits were last changed by legislation in 2003), and to widen the support allowed by the Export Credits Guarantee Department (ECGD) under the *Export and Investment Guarantees Act (EIGA) 1991*.

It is a short bill with three clauses, amending the 1982 and 1991 Acts mentioned above.

The Bill amends section 8(5) of the IDA 1982. This sets the ceiling on financial assistance allowed under 'section 8' powers. Examples of the use of section 8 powers include the Enterprise Finance Guarantee Scheme, Regional Venture Capital Funds and the recent support announced for the automotive industry.

The current financial ceiling on section 8, as amended by the *Industrial Development (Financial Assistance) Act 2003*, is £3.7 billion, which can be increased by order in four tranches of up to £600 million each, up to a maximum of £6.1 billion.

The Bill increases the limit allowed under section 8 to £12.0 billion, along with the capacity for a further four orders of £1.0 billion each taking the overall limit to £16.0 billion.

The Bill also amends section 1(1) of the Export and Investment Guarantees Act 1991. Currently the Secretary of State, acting through the ECGD, has the power to make arrangements with a view to facilitating the exporting of goods by UK exporters. These arrangements can take the form of financial facilities or assistance, including guarantees, insurance, grants or loans.

Currently, the wording of section 1(1) of the Act, which allows the ECGD to make arrangements to facilitate exports, restricts ECGD's ability to give support to exports which have already taken place. The Bill amends section 1(1) by enabling the ECGD to make arrangements "in connection with" exports, rather than the current wording of "with a view to facilitating" exports. According to the explanatory notes there is increasing demand from exporters for 'reimbursement cover' (which guarantees the repayment of a loan taken out to refinance the cash purchase of UK exports) and requests for ECGD assistance are often made when the goods or services will be exported before the ECGD can take a decision.

This Paper also sets out the various forms of assistance provided under each Act and some background information on the ECGD.

This Bill is set against a background of economic difficulty with the UK currently in a recession, with falling employment and falling output in the manufacturing sector in particular.

The Bill is being taken through Parliament quickly, with subsequent House of Commons stages after second reading scheduled to be taken in the same day. The Bill will be treated as a Money Bill.

CONTENTS

I Introduction

The *Industry and Exports (Financial Support) Bill* was introduced on 4 March 2009 and is scheduled for second reading on 16 March 2009.

This Bill is set against a background of economic difficulty with the UK currently in a recession, with falling employment and falling output in the manufacturing sector in particular.

GDP fell by 1.5% in the fourth quarter of 2008, with output in the production sector, and manufacturing in particular, falling more sharply (by 5.1% in Q4).[1] GDP is expected to fall sharply overall in 2009 and return to growth in 2010.[2]

In March 2009 the EEF, the manufacturers' organisation, forecast that manufacturing output would fall by 8.6% in 2009, with output particularly low in the coming three months.[3] They have also warned that the UK needs to do more to assist companies in retaining skilled workers in the downturn, as employers seek to move employees onto shorter working hours.[4]

Total employment levels have been falling since summer 2008. Claimant count unemployment has risen sharply over the last year, from 795,000 in January 2008 to 1,233,000 in January 2009 (seasonally adjusted).[5]

The Government have announced further support packages for business since the start of 2009. On 14 January the Enterprise Finance Guarantee Scheme, the Working Capital Guarantee Scheme and the Capital for Enterprise Fund were announced. Assistance for the automotive industry, hit by a rapid decline in new car sales, was announced on 27 January.

The Government has come under pressure to introduce further measures to support industry and manufacturing.[6] In terms of particular companies, it has been reported that GM Europe are seeking state aid from the UK and Germany.[7]

This Paper sets out the changes proposed by the two main clauses of the Bill. It then covers the various forms of assistance provided under each Act and also provides some background information on the ECGD. A further information section provides details of relevant publications as well as links to recent economic news and data.

1 ONS, *UK output, income and expenditure, 4th quarter 2008*, 25 February 2009
2 HM Treasury, *Forecasts for the UK economy: A comparison of independent forecasts*, February 2009
3 "UK output faces biggest fall in 30 years", *Financial Times*, 2 March 2009
4 "Manufacturers seek aid to save jobs", *Financial Times*, 2 March 2009
5 ONS, Labour market statistics February 2009, 11 February 2009
6 For example see "Darling to face industry's crisis demands", *Financial Times*, 10 March 2009
7 "Mandelson says Vauxhall in 'trouble'", *Financial Times*, 9 March 2009

II The Bill

A. Changes to the *Industrial Development Act 1982 (Clause 1)*

1. Background

The *Industrial Development Act (IDA) 1982*[8] consolidated, with certain exceptions, the *Local Employment Act 1972*, Parts I and II of the *Industry Act 1972*, section 18 of the *Industry Act 1980*, section 6 of the *Industry Act 1981* and related enactments. It received Royal Assent on 28 October 1982 and came into force on 28 January 1983.

Part III of the IDA 1982 provides for financial assistance to industry. Section 7 provides for selective financial assistance in specific areas of the UK[9] while section 8 provides for general selective assistance nationally. Section 7(2) sets out the purposes for which assistance can be granted:

> (a) to promote the development or modernisation of an industry;
> (b) to promote the efficiency of an industry;
> (c) to create, expand or sustain productive capacity in an industry, or in undertakings in an industry;
> (d) to promote the reconstruction, reorganisation or conversion of an industry or of undertakings in an industry;
> (e) to encourage the growth of, or the proper distribution of undertakings in, an industry;
> (f) to encourage arrangements for ensuring that any contraction of an industry proceeds in an orderly way.

While section 8(1) states:

> **8.**—(1) For the purposes set out in subsection (2) of section 7 above the Secretary of State may, with the consent of the Treasury, provide financial assistance where, in his opinion-
> *(a)* the financial assistance is likely to benefit the economy of the United Kingdom, or of any part or area of the United Kingdom; and
> *(b)* it is in the national interest that the financial assistance should be provided on the scale, and in the form and manner, proposed; and
> *(c)* the financial assistance cannot, or cannot appropriately, be so provided otherwise than by the Secretary of State.

The Act also specifies the financial limit of sums that can be paid to industry by the Secretary of State. Section 8(5) states (unamended):

> (5) the said limit shall be £1,900 million, but the Secretary of State may, on not more than four occasions, by order made with the consent of the Treasury increase or further increase that limit by a sum specified in the order, being a sum not exceeding £200 million.

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8 Available at: http://www.opsi.gov.uk/RevisedStatutes/Acts/ukpga/1982/cukpga_19820052_en_1

9 Within Assisted Areas. For further information see: http://www.berr.gov.uk/whatwedo/regional/assisted-areas/index.html

This part of the Act was amended by the *Industrial Development (Financial Assistance) Act 2003*.[10] The 2003 Act increased the limit in section 8(5) of the IDA 1982 to £3.7 billion, which can be increased by order in four tranches of up to £600 million each, up to a maximum of £6.1 billion.

The limit has been increased by £600 million on one occasion since the 2003 Act was introduced. The *Financial Assistance for Industry (Increase of Limit) Order 2008* came into force on 8 May 2008.[11] This was debated in the Sixth Delegated Legislation Committee on 17 July 2007. One of the main reasons for this increase was to provide sufficient funding to be available to cover the Post Office change programme.[12] Due to an administrative error the order was not made until 7 May 2008, coming into force on 8 May 2008.[13]

A draft second order under the 2003 Act, increasing the allowed limit to £4.9 billion, was considered by the Eighth Delegated Legislation Committee on 5 March 2009. In his opening statement to the debate the Minister for Employment Relations and Postal Affairs, Pat McFadden, told the Committee[14]:

> The order provides for an increase in the cumulative financial limit on the Government's exercise of the power to support business in section 8 of the Industrial Development Act 1982. The reason for the order is straightforward. We are obviously in the midst of a global recession and this Government, like Governments around the world, have announced various measures to help and support business through it. The order will cover some of the expenditure involved in achieving that aim.
>
> Section 8 of the 1982 Act allows the Government to operate a range of schemes of direct benefit to companies, such as the small firms loan guarantee scheme and the grant for business investment scheme for small businesses. The limit is currently £4.3 billion, with a provision to raise the amount in a total of four steps of up to £600 million at a time.
>
> As of the end of January, £3.747 billion had been spent under section 8 since 1982, which means that the remaining amount of available funds stands at £553 million. However, the figure does not take into account current or future spending on schemes that have been announced such as the finance guarantee scheme and the capital for enterprise fund. We also recently announced a wide-ranging package of support for the automotive sector, which the fund will also help facilitate.
>
> The new schemes will add greatly to the Department's forward commitments and increase pressure on the section 8 ceiling, so today's order will raise the limit by

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10 Available at: http://www.opsi.gov.uk/acts/acts2003/ukpga_20030011_en_1.htm, also see Library Research Paper 03/15, *The Industrial Development (Financial Assistance) Bill*, 13 February 2003

11 SI 1272 (2008) *The Financial Assistance For Industry (Increase of Limit) Order 2008*

12 Sixth Delegated Legislation Committee, Tuesday 17 July 2007, Draft Financial Assistance For Industry (Increase of Limit) Order 2007

13 HC Deb 16 May 2008 c74WS

14 Eighth Delegated Legislation Committee, Thursday 5 March 2009, Draft Financial Assistance for Industry (Increase of Limit) Order 2009, c3

> £600 million to an overall total of £4.9 billion over the entire period. We are in a fast-moving situation, and the measure will give more flexibility both now and in the future to counter the current economic downturn.

In the debate, the Conservative Shadow Minister for Business and Enterprise, Mark Prisk, welcomed the increase, but questioned the speed and complexity of recent announcements on support for business.[15]

At the time of writing the *Financial Assistance for Industry (Increase of Limit) Order 2009* had not been made.

Expenditure under section 8 on a single project that exceeds £10 million must be authorised by the House (Section 8(8) of the IDA 1982), unless the Secretary of State:

> … is satisfied that the payment or undertaking is urgently needed at a time when it is impracticable to obtain the approval of the Commons House of Parliament; and in that case the Secretary of State shall lay a statement concerning the financial assistance before each House of Parliament.

The economic development powers under section 8 of the IDA 1982 are exercisable concurrently by the Scottish Parliament and Welsh Assembly.

Financial assistance granted under section 8 can take the form of investment, loans, grants or guarantees. Examples include the recently announced Enterprise Finance Guarantee Scheme (formerly the Small Firms Loans Guarantee), the recent support package for the automotive industry and the Regional Venture Capital Funds. The current programmes running under section 8 of the IDA 1982 are outlined in part III of this Paper.

2. Clause 1

Clause 1(1) of the Bill increases the limit allowed under section 8(5) of the IDA 1982 to £12.0 billion, and includes the capacity for a further four tranches of £1.0 billion each by order, taking the overall limit to £16.0 billion. Clause 1(2) repeals the 2003 Act.

As noted above, two orders under the current limits have been laid. The explanatory notes for the Bill state that the Government expect to lay the remaining orders ‘as soon as possible’ and that the maximum ceiling of £6.1 billion will be reached by July 2009.

The increase proposed in the Bill is to cover the cost of existing programmes (including those announced in January), but also to provide sufficient headroom for the future and any further programmes the Government may introduce. The Minister (Pat McFadden) noted in his opening statement on the second draft order on 5 March 2009:[16]

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[15] Ibid. cc4-5

[16] Eighth Delegated Legislation Committee, Thursday 5 March 2009, Draft Financial Assistance for Industry (Increase of Limit) Order 2009, c4

> Thirdly, I should tell the Committee that this is not the last time that we will have to do this. We fully anticipate having to pass more orders and have already set in motion the process of making the remaining two allowed under the Act. In addition, Members may have noticed that yesterday we introduced the Industry and Exports (Financial Support) Bill, which will increase the overall ceiling in section 8. It is similar to the Bill that we introduced in 2003 in that it further increases the ceiling.
>
> We are doing that because we face unique economic challenges, and such measures are an important part of our response. There are many cries for the Government to do more to help business and the economy. We cannot will the end without willing the means, and these measures are part of the means.
>
> The order is needed so that the Government can help business fight the current economic downturn. Therefore, by raising by a further £600 million the potential expenditure under section 8, the order does something specific. As I have said, we anticipate using the provisions under the 2003 Act to do the same again in the relatively near future. The Industry and Exports (Financial Support) Bill that we introduced yesterday will give us further headroom for some of the schemes that have been announced, and perhaps more to come.

According to the 2007-08 Annual Report, which is required by the IDA 1982, as at 31 March 2008 the amount of uncommitted spend under the Section 8 (5) limit was £192 million (the limit at the time was £3.7 billion).[17] By the end of January £3.747 billion had been spent under section 8 (with a limit of £4.3 billion prior to the second draft order).[18]

Limited comment is available on the Bill itself and the introduction of the Bill without any accompanying statement was noted by the Chairman of the Business and Enterprise Committee, Peter Luff MP, in an estimates debate covering BERR on 9 March:[19]

> […]I am still surprised by the introduction of the Industry and Exports (Financial Support) Bill, a hugely important Bill, without any explanation or statement. I have had no letter about it and have seen no written statement about it—it was just suddenly published. I am likely to support it, although I have not seen a detailed debate on it yet. It is a really important measure, and it would be good to see the Government explaining themselves rather more clearly about such important steps. […]

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17 Industrial Development Act 1982 Annual Report, HC 722, 26 June 2008

18 Eighth Delegated Legislation Committee, Thursday 5 March 2009, Draft Financial Assistance for Industry (Increase of Limit) Order 2009

19 HC Deb 9 Mar 2009 c55

B. Changes to the Export and Investment Guarantees Act 1991 (Clause 2)

1. Background

The UK's Export Credits Guarantee Department (ECGD) was the first Export Credits Agency (ECA), established in 1919 to help British exporters re-establish markets following the war. It is now a separate government department operating under the *Export and Investment Guarantees Act (EIGA) 1991* reporting through the Economic and Business Minister to the Secretary of State for Business, Enterprise and Regulatory Reform. In 2007/08 the ECGD underwrote business of nearly £1.8 billion.

The ECGD helps UK manufacturers and investors trade overseas by providing insurance, guarantees and/or backing to protect against non-payment. Insurance can be raised in private markets for relatively small and/or short term projects in the developed world, but ECGD specialises in assisting companies trying to win contracts in the developing world where there are political risks or unfamiliar buyers. This role is balanced with a need for the ECGD to limit its risk exposure, since it is funded by the UK taxpayer. In 1976 ECGD supported more than 37% of UK exports; it now supports around 1% of UK exports.

Most ECGD activity involves underwriting finance packages to support the sale of capital goods and helping UK companies take part in overseas projects. The main areas of demand come from civil aerospace, defence, engineering and equipment for the steel industry, structural steel bridges, telecoms equipment and engineering services for hydrocarbon production, pipelines or related process plant projects. ECGD support is typically used for business with developing and emerging economies.

The ECGD must conform to EU and OECD regulations on export credits.

2. Clause 2

The Bill amends section 1(1) of the EIGA 1991.[20] Section 1 of the Act as it currently stands states:

> **1. Assistance in connection with exports of goods and services**
>
> (1) The Secretary of State may make arrangements under this section with a view to facilitating, directly or indirectly, supplies by persons carrying on business in the United Kingdom of goods or services to persons carrying on business outside the United Kingdom.
>
> (2) The Secretary of State may make arrangements under this section for the purpose of rendering economic assistance to countries outside the United Kingdom.
>
> (3) The Secretary of State may make arrangements under this section with a view to facilitating—

[20] http://www.opsi.gov.uk/acts/acts1991/Ukpga_19910067_en_1.htm

(a) the performance of obligations created or arising, directly or indirectly, in connection with matters as to which he has exercised his powers under this section or section 2 of this Act, or

(b) the reduction or avoidance of losses arising in connection with any failure to perform such obligations.

(4) The arrangements that may be made under this section are arrangements for providing financial facilities or assistance for, or for the benefit of, persons carrying on business; and the facilities or assistance may be provided in any form, including guarantees, insurance, grants or loans.

According to the explanatory notes to the Bill, the wording of section 1(1) of the *EIGA 1991*, which allows the ECGD to make arrangements to facilitate future exports, restricts ECGD's ability to give support to exports which have already taken place.[21]

The Bill amends section 1(1) of the *EIGA 1991* by enabling the ECGD to make arrangements "in connection with" exports, rather than the current wording of "with a view to facilitating" exports: The Bill proposes that the following replaces the current section 1(1):

> *(1) The Secretary of State may make arrangements under this section in connection with supplies by persons carrying on business in the United Kingdom of goods or services to persons carrying on business outside the United Kingdom.*
>
> *(1A) Arrangements under subsection (1) may be made in connection with goods or services supplied before the arrangements are made or in connection with goods or services which are to be, or which may be, supplied.*

Part (1) of the subsection changes the relevant wording while subsection (1A) expressly provides that assistance can be provided before or after the exports have been made.

According to the explanatory notes there is increasing demand from exporters for 'reimbursement cover' (to guarantee the repayment of a loan taken out to refinance the cash purchase of UK exports).[22] The notes go on to say that requests for ECGD assistance are also often made in situations where the goods or services will be exported before the ECGD can take a decision, particularly when the ECGD needs to ensure they have complied with relevant Government policies. The notes state that: "In the Government's view, it is necessary to ensure that ECGD is able to provide support in respect of an export, whether or not that export has been made."[23]

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21 Explanatory Notes, paragraph 12

22 Reimbursement Cover - Under an ECGD-supported finance facility, the loan is drawn down as the exporter ships the goods and/or the services are performed. Under a reimbursement arrangement, where the buyer has already paid or will pay direct to the exporter for the goods/services, its payments would be reimbursed out of a loan made available after the good had been supplied. This arrangement allows a project sponsor to buy goods and services from British companies and refinance the cost over a medium or long credit period to match the cash flows of the project.

23 Explanatory Notes, paragraph 12

Clause 2(2) of the Bill is a transitional provision that allows for arrangements to be made covering exports that have already taken place before the amended provisions come into force.

While the changes proposed in the Bill allow the wider use of ECGD's products, the financial limits set out in section 6 of the *EIGA 1991* are unchanged.

The 2008 Pre-Budget Report proposed a £1 billion temporary guarantee scheme to provide smaller exporters with better access to short-term working capital but this was subsumed into the wider Working Capital Scheme (WCS) announced in January 2009 (see Part III below). The British Chambers of Commerce (BCC) commented on trade statistics published on 11 March 2009 saying that it was important that "adequate export finance remains available to struggling British businesses" and that this should be addressed in the Budget due on 22 April 2009.[24]

[24] BCC Press Release: "Chancellor's Budget must address any deficiencies in export finance", 11 March 2009

III Assistance under section 8 of the *Industrial Development Act 1982*

This section looks at some of the schemes and programmes that have their statutory basis in section 8 of the *IDA 1982*. The information is taken from two main sources: the *Department for Business and Regulatory Reform* (BERR) website[25] and the *Industrial Development Act 1982 Annual Report* which is presented annually to Parliament under sections 11 and 15 of the 1982 Act.[26] This report also contains statistics on the schemes and regional detail as well as assistance provided under other parts of the Act (for example, to Assisted Areas).

A. Support announced in January 2009

The Government announcement on 14 January 2009 further support for bank lending to business which can be divided into three elements:[27]

- **Enterprise Finance Guarantee** – A 75% government guarantee of bank lending to firms with under £25 million turnover (worth up to £1.3 billion).

- **Working Capital Guarantee Scheme** – A scheme where government will support banks' risks on existing working capital lending, in return for their expanding lending to other firms using capital freed up by the government support provided (worth up to £10 billion). This is not funded under section 8.

- **Capital for Enterprise Fund** – providing long term capital to businesses that have exhausted traditional forms of finance. Various banks are contributing to the fund (worth £75 million).

The first two schemes are delivered via banks only. In other words, it will still be up to individual banks to decide whether to lend based on the "risk profile" of the potential borrower. The Enterprise Finance Guarantee Scheme and the Capital for Enterprise Fund are funded under section 8 of the *IDA 1982*.

1. The Enterprise Finance Guarantee Scheme

The Enterprise Finance Guarantee Scheme has effectively replaced the Small Firms Loans Guarantee (SFLG) Scheme and has wider criteria (it offers guarantees of loans of £1 million rather than £250,000 and is available to businesses with higher turnovers).

The scheme is open to businesses with an annual turnover of up to £25m, seeking loans of £1,000 to £1 million, repayable over a period of 3 months to 10 years. Most

[25] http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/page37736.html

[26] Industrial Development Act 1982 Annual Report, HC 722, 26 June 2008

[27] HC Deb 14 Jan 2009 c13WS

businesses will be eligible, but state aid rules restrict or exclude businesses in certain industries such as agriculture, coal and transport.[28]

The purpose of the guarantee could be to support new or existing borrowing or converting an existing overdraft into a loan freeing money for working capital. The loan is available through 23 lenders,[29] and decisions on loans are made by the lenders. The cost of the guarantees is 2% per annum, collected quarterly. BERR are offering a discount of 25% for all premiums successfully collected in 2009.[30]

The Government will be bringing forward proposals for a scheme post March 2010 later this year.

Over the period from inception (June 1981) to March 2008, 108,218 guarantees have been issued under the SFLG, worth £5,019,336 million. In the year to March 2008, 2,542 guarantees were made, worth £204,959 million.[31]

On 20 February BERR provided an update of the amount lent under the scheme since January with 400 loans worth around £40 million having been offered.[32]

2. The Working Capital Scheme

The scheme is to make available to banks guarantees of up to £10 billion, which will in turn support bank lending of up to £20 billion. This facility is expected to release capital which banks can redeploy in order to increase all types of lending above their current plans to businesses with a turnover of less than £500m.[33] This scheme is not covered by section 8 of the *IDA 1982*.

It was expected that the first £1 billion tranche of guarantee would become operational on 1 March, although the *Financial Times* reported on 2 March that this had been delayed and that the Government are currently discussing the cost of the guarantees with the Banks.[34]

3. The Capital for Enterprise Fund

This fund will not be delivered via banks. The funds will be invested by commercial fund managers. Investments remain subject to EU state aid rules. The fund will be delivered

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28 See: http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/sflg/page50309.html

29 A list of lenders is available at: http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/sflg/page50162.html

30 Enterprise Finance Guarantee factsheet: http://www.capitalforenterprise.gov.uk/files/Enterprise%20Finance%20Guarantee.pdf

31 IDA 1982 Annual Report tables 4 and 5. The annual report of the SFLG is available at: http://www.berr.gov.uk/files/file47204.pdf

32 BERR Press Release, 20 February 2009: http://nds.coi.gov.uk/environment/fullDetail.asp?ReleaseID=393203&NewsAreaID=2&NavigatedFromDepartment=True

33 http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/page37736.html

34 "Flagship £10bn loan guarantee scheme hit by delays", *Financial Times*, 2 March 2008

via *Capital for Enterprise Limited* (CfEL) which was incorporated in March 2007 as a private limited company and commenced actively trading in April 2008. It is a Non-Departmental Public Body wholly owned by BERR and managed by an independent Board of Directors with 12 full-time, permanent staff.

Capital for Enterprise describes how the fund will operate as follows:

> The fund will invest through professional commercial fund managers (most likely two) who will operate within the recognised equity gap within the UK, specifically making investments of between £250,000 and £2m into businesses which meet the EU's SME definition. Investment will be aimed at fundamentally sound businesses with existing cash flows and genuine growth potential but which are currently constrained through being over-geared. The fund will offer equity or mezzanine investment aimed at releasing and sustaining that growth potential. The fund is not intended as a rescue facility for struggling businesses.
>
> A Government commitment of £50m will be invested pari-passu with a contribution of £25m from four banks. The private funding will be drawn down and invested pro rata with the public money, both Government and private funding will face the same proportionate fees, charges, profits and risk of loss.
>
> The fund managers to be appointed will have to meet all the usual standards of propriety and regularity in making investments which will include a restriction on investing in businesses whose operation could embarrass, or fall outside the investment mandates of the Government or its partners.
>
> Until fund managers are appointed, interested businesses should telephone 0845 459 9780. CfEL is putting in place experienced corporate finance managers to handle the responses.[35]

4. Support for the Automotive Industry

On 27 January 2009 the Government announced measures to free up lending in the automotive sector. The measures include:[36]

- Guarantees to enable loans of up to £1.3 billion from the European Investment Bank (EIB) for investment in lower carbon initiatives.
- Loans or loan guarantees to support up to £1 billion of lending for lower carbon initiatives for non-EIB backed projects.
- Increased funding for training of employees under 'Train to Gain'.
- the Trade and Investment Minister, Mervyn Davies, to draw up a plan for improving access to finance for manufacturers' finance arms.

The Government expects that the measures will provide an additional £2 billion of lending to the sector over the next two years. The plans will allow for loan guarantees to UK automotive manufacturers and large UK automotive suppliers and will be targeted at initiatives to reduce emissions and energy consumption. Funding will require investments of over £5m from UK based vehicle manufacturers and automotive parts suppliers with

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35 Capital for Enterprise, *Capital for Enterprise Fund - Outline Description*
36 Taken from: http://www.berr.gov.uk/whatwedo/sectors/automotive/supportmeasures/page49874.html

an annual turnover of £25m or more.[37]

The measures received State Aid approval on 27 February 2009,[38] and the Automotive Assistance Programme (AAP) has now been launched.[39]

A seminar on the AAP was held by BERR on 11 March 2008.[40] The *Financial Times* on the same day reported that, to date, only Nissan and Jaguar Land Rover had applied for EIB funds.[41]

B. The Enterprise Fund

The Enterprise Fund was set up following the Competitiveness White Paper in December 1998 in order to provide debt and equity finance to SMEs with growth potential. The Fund is now administered through CfEL. The Small Firms Loan Guarantee scheme (SMLG) was part of the Fund and has now been replaced by the Enterprise Finance Guarantee scheme (see above). Other parts of the fund include:

a. The UK High Technology Fund

The UK High Technology Fund is a 'fund of funds' providing finance for existing venture capital funds that specialise in financing early stage small and medium sized high-technology firms. £106.1 million from private sector investors has been raised alongside a 'cornerstone' investment of £20 million by the Government. Access to the funds is subject to the normal risk assessment of the specialist venture capital firms operating in the high technology sector.

As at 30 June 2007 £124.0 million of the £126.1 million available had been committed to nine specialist funds which have in turn made investments in 243 companies.[42]

b. Regional Venture Capital Funds

These were announced in December 1998 to be established in all the Regional Development Agency (RDA) areas in England including London. There were already mechanisms for support of this type in Wales, Scotland and Northern Ireland. All nine regional funds are operational and will be closed by 2015.

The funds are managed by commercial private sector venture capitalists who were selected by a competitive and open tender process in 2000. All investment decisions are made by the managers.

In each RVCF, the government invests in its own account along with funding from the European Investment Fund (EIF), the equity arm of the European Investment Bank, and

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37 Ibid.

38 BERR Press Release, "UK given the green light for state help to Automotive Industry", 27 February 2009

39 http://www.berr.gov.uk/whatwedo/sectors/automotive/aap/page50296.html

40 BERR Press Release, "Berr holds seminar on automotive assistance programme", 11 March 2009

41 "UK carmakers in slow lane for Brussels funds", *Financial Times*, 11 March 2009

42 IDA 1982 Annual Report, page 6

this means that approximately 50 per cent of the funding will be from these two sources. The remaining balance is sourced from private sector investors. The Government has put a cap on its investment return and acts as the 'first loss' to boost the attractiveness for private sector investors. The maximum total investment is £250,000 and is limited to SMEs.

In 2007/08 £2.8 million was invested by BERR in the RVCFs, and £73.7 million has been drawn down in total since 2002.[43]

c. Early Growth Fund

The Early Growth Fund (EGF) was set up to encourage risk funding for start-ups and growth firms. BERR set out the type of companies that may benefit from the fund:

- start up or university spin outs
- innovative and knowledge intensive businesses
- smaller manufacturers needing fresh investment to pursue new opportunities
- any early growth company

The programme aims to increase the availability of small amounts of capital (averaging £50,000, to a maximum of £100,000) for innovative and knowledge intensive businesses.

By 31 March 2008 the EGF had drawn down £27 million from BERR.[44]

C. Enterprise Capital Funds

Enterprise Capital Funds were launched in 2006. They were established to address a market weakness in the provision of equity finance to SMEs. They combine Government and private sector funding of up to £2 million for small high-growth businesses. The Government provides up to two-thirds of the capital in each ECF for which it requires a return of at, or close to, the Gilt rate, along with a limited share of any profits.

The first five funds were launched in 2006-7, while a further three funds were awarded ECF status in 2007. An additional fund, TTP Ventures, was awarded ECF status in December (2008) and will look to invest development capital in information technology, electronics and instrumentation companies.[45] Further funds are expected to be announced in the current financial year. A third round competition for ECFs was announced alongside Budget 2008 while further rounds are expected in April 2009 and 2010.

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43 IDA 1982 Annual Report, page 6 and BERR website: http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/regional-venture-capital-funds/page37596.html

44 IDA 1982 Annual Report, page 6 and BERR website: http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/early-growth-funds/page37491.html

45 BERR Press Release: "Peter Mandelson announces £30 million technology fund", 1 December 2008

Responsibility for the management of ECFs transferred to CfEL on 1 April 2008. Up to £60 million a year is available for ECFs. [46]

D. Enterprise Grant Scheme (EGS)

The Enterprise Grant Scheme (EGS) was launched on 1 January 2000. Grants are available in 'Tier 1' and 'Tier 2' Assisted Areas and also in specific 'Tier 3' areas. The fund closed to new applications on 31 March 2004 and the total amount paid out in England in 2007/08 was £156,000.[47]

E. Phoenix Fund

The Phoenix Fund was set up in 2000. It was established to encourage entrepreneurship in disadvantaged areas and groups. Two parts of the fund are relevant to Section 8 of the IDA 1982:

- Support for Community Development Finance Institutions (CDFIs)
- the Community Development Venture Fund (CDVF).

The final part of the Phoenix Fund, the Business Incubation Development Fund, is covered by Section 11 of the IDA 1982.

a. Community Development Finance Institutions (CDFIs)

The term Community Development Finance Institutions (CDFIs) denotes an organisation that provides finance and access to business support for enterprises within disadvantaged communities or groups, or with a strong social purpose. CDFIs seek to lend to SMEs and social enterprises who cannot often borrow from traditional sources.

Since 1 April 2006 RDAs have been responsible for supporting CDFI activity. In the year to March 2008, £760,000 was spent to support national activities to develop the CDFI sector.[48]

b. Community Development Venture Fund

The Community Development Venture Fund (CDVF) was announced by the Chancellor in the 2000 Pre-Budget Report and was launched on 14 May 2002. The CDVF is also known as 'Bridges' and provided up to £40 million of funding.

The Fund aims to stimulate the provision (and benefits) of venture capital to viable SMEs, located in the 25% most deprived wards in England.[49]

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[46] IDA 1982 Annual Report, pages 6-7 and BERR website: http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/enterprise-capital-funds/page37473.html

[47] IDA 1982 Annual Report, page 3

[48] IDA 1982 Annual Report, page 7

[49] As classified under the Index of Multiple Deprivation (IMD) ranking.

In 2007/08 £1 million was drawn down by the Fund from BERR. Since the start of the fund, and up to 31 March 2008, £17.3 million has been drawn down from BERR.[50]

F. Specific assistance in Wales and Scotland

a. Regional Selective Assistance (Scotland) – 'Tier 3'

This is a discretionary grant offered in large parts of Scotland outside Assisted Areas to SMEs, operating in a similar way to Regional Selective Assistance. During the year to March 2008, nine offers of support were accepted, worth £1.3 million.[51]

b. Assembly Investment Grant Scheme (AIG) (Wales)

The AIG was launched in April 2002. The grant is made under section 8 for non-assisted areas and is available to SMEs. The grant requires a capital investment but does not require new jobs to be created. The objective of the scheme is to encourage indigenous businesses to set up or become more competitive by carrying out investment projects. The maximum grant available is £75,000. In 2007/08, 187 offers were accepted worth £7.5 million. Payments under the scheme in the period were £6.1 million.[52] The AIG was replaced by the Single Investment Fund (SIF) in April 2008.[53]

G. Assistance to selected industries

a. UK Coal Investment Aid Scheme (CIA)

The aim of the CIA has been to create or safeguard UK jobs in the coal industry in socially and economically disadvantaged areas by encouraging producers to enter into realistic coal production investment projects that would not otherwise go ahead. The scheme paid up to 30% of eligible costs. The scheme was approved by the European Commission in June 2003, and launched in the same month.

The scheme was due to run over three application periods but in October 2005 it was announced that as nearly all the funding (£58.5 million) had been awarded the first two rounds, the final round would not occur.

As at 31 March 2008, £51.4 million had been paid out.[54]

b. Urban Post Office Reinvention Programme

The Post Office Network is currently undergoing restructuring which will involve the compulsory compensated closure of up to 2,500 branches, with around 500 of these being replaced with 'outreach' type service points. This programme is being partly

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[50] IDA 1982 Annual Report, page 7
[51] IDA 1982 Annual Report, page 3
[52] IDA 1982 Annual Report, page 4
[53] http://www.business-support-wales.gov.uk/business_support/investment/single_investment_fund_sif.aspx
[54] IDA 1982 Annual Report, page 8

funded under the IDA 1982. Funding of up to £465 million over three years under section 8 of the IDA 1982 was required for three purposes:

- compensation to sub-postmasters who are leaving the network on a compulsory basis;
- redundancy costs of Post Office Ltd staff;
- funding of the ongoing losses up to 2011.

Under the IDA 1982 this funding required specific parliamentary approval. This was given in a resolution of the House on 24 July 2007 following a debate in the First Delegated Legislation Committee, in which the Minister noted:[55]

> […] The Government's investment package is based on the Post Office's five-year business plan, which extends to 2011. We have already made some payments to Post Office Ltd in respect of accrued losses to 2006-07. Further losses during the funding period to 2011, and the compensation and redundancy costs that I have outlined, require up to £465 million of assistance to be made available through section 8 of the Industrial Development Act 1982. […]

By the end of January 2009 most branch closures had taken place and the majority of new outreach services were operational.

[55] First Delegated Legislation Committee, Tuesday 24 July 2007, Financial Assistance to Industry, c8

IV Assistance offered by the Export Credits Guarantee Department (ECGD)

The mission statement of the ECGD is set out in their Annual Report:[56]

Aim

To benefit the UK economy by helping exporters of UK goods and services to win business, and UK firms to invest overseas, by providing guarantees, insurance and reinsurance against loss, taking into account the Government's international policies.

Objectives

Consistent with the above aim, ECGD seeks:

- To achieve Financial Objectives set by Ministers.
- To operate in accordance with its Business Principles.
- To ensure its activities accord with other Government objectives, including those on sustainable development, human rights, good governance and trade.
- To promote an international framework that allows UK exporters to compete fairly by limiting or eliminating all subsidies and the adoption of consistent practices for assessing projects and countries on a multilateral basis.
- To recover the maximum amount of debt in respect of claims paid by ECGD in a manner consistent with the Government's policy on debt forgiveness.
- To ensure ECGD's facilities are, in broad terms, complementary to those in the private sector.
- To provide an efficient, professional and proactive service for customers which focuses on solutions and innovation.
- To employ good management practice to recruit, develop and retain the people needed to achieve the Department's business goals and objectives.

A. Main services and products

ECGD offers three main types of services:

- Forms of insurance for exporters against non-payment risks, including project financing;
- Finance guarantees for banks financing contracts (the bulk of ECGD's business); and,
- Insurance to UK firms investing overseas.

Further details on the ECGD products are set out below.

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[56] ECGD, *Export Credits Guarantee Department Annual Review and Resource Accounts 2007-08*, HC 581, 30 October 2008, p10

ECGD also offers debt conversion facilities and a 'Local Currency Financing Scheme' which guarantees loans raised in the buyer's country and financed by local financial institutions.[57]

ECGD Overseas Investment Insurance (OII)[58] encourages UK investments abroad, particularly in developing countries, by providing insurance against the main risks of war (including revolution or insurrection), expropriation (including nationalisation or confiscation), restriction on remittances and contract breaches (where appropriate). Cover is also available for bank lending to projects through intermediaries.

The 2008 Pre-Budget Report proposed a £1 billion temporary guarantee scheme to provide smaller exporters with better access to short-term working capital and the extension for a further year of the Fixed Rate Export Finance Scheme to December 2009.[59] The temporary guarantee scheme was subsumed into the wider Working Capital Scheme (WCS) announced in January and is discussed in part III of this Paper.

The ECGD summarises some of its products and services as follows (links to more detailed documents have been added): [60]

> **EXPORT CREDIT INSURANCE (ECI) - THE FACILITIES**
>
> **Buyer Credit Facility**
> http://www.ecgd.gov.uk/guide-buyer-credi-_sept_2008__v3-2.pdf
>
> Under a Buyer Credit Facility, a bank makes a loan to an overseas borrower in order to finance the purchase of goods or services from an exporter carrying on business in the United Kingdom. In order to enable the bank to make that loan, ECGD gives a guarantee to the bank in respect of the borrower's repayment obligations. The exporter is then able to claim disbursements from the loan as and when amounts fall due for payment under the terms of its export contract with the overseas buyer.
>
> **Supplier Credit Financing (SCF) Facility**
> http://www.ecgd.gov.uk/guides-supplier-credit-finance_2009-02-27.pdf
>
> Where a buyer requires credit terms of at least two years for an export contract, an SCF Facility allows the exporter to pass the payment risk to its bank in respect of the credit portion. It also allows the exporter to receive cash from the bank upon shipment of the goods or for work done under the contract. ECGD's support is in the form of a guarantee to the bank, under which ECGD guarantees payment to the bank of the finance it has made available, if the buyer defaults on the credit.

57 Further information is available at: http://www.ecgd.gov.uk/index/products-and-services.htm
58 Further information is available at: http://www.ecgd.gov.uk/oii_detailed_guide_20081215_(december_2008).pdf
59 HM Treasury, *Pre-Budget Report 2008*, Cm 7484, November 2008, box 4.1
60 Export Credits Guarantee Department, Products and Services

Lines of Credit
http://www.ecgd.gov.uk/guide-lines-of-credit.pdf

An ECGD-supported Line of Credit can provide UK exporters of capital goods with a quick way to access finance made available by an UK bank to an overseas borrower. Such facilities can be set up to enable (i) a variety of overseas buyers to purchase unrelated capital goods or services, or (ii) an individual buyer to purchase a wide range of capital goods or services for a particular project. The loan funds are used to pay exporters once the goods are exported or services are performed. If the borrower fails to repay any part of the loan, ECGD's guarantee to the UK bank means that it still receives payment in full.

Project Financing Facility
http://www.ecgd.gov.uk/guide-project-financing.pdf

Where a UK Exporter is involved in a major project overseas, ECGD may give its support to project financing arrangements under which the banks providing finance rely primarily upon the revenues of the project for repayment. Like a Buyer Credit facility, ECGD's support takes the form of a guarantee to the lending banks in respect of a loan, which they have made to the project company. Amounts are disbursed to the UK exporter from this loan as and when amounts fall due for payment under its contract with the project company.

RECOURSE
http://www.ecgd.gov.uk/guide-recourse-2.pdf

When ECGD provides a Buyer Credit or SCF Facility to a bank, which has financed an export contract; ECGD may wish to have recourse to the exporter (and possibly its parent company where appropriate) for all or part of any claims payment which it has made to a financing bank, at a time when the exporter has failed to meet any of the conditions of its contract except when that failure is neither material nor substantial or has been caused by certain specified circumstances outside of the exporter’s control.

INSURANCE FACILITIES FOR EXPORTERS

Export Insurance Policy (EXIP)
http://www.ecgd.gov.uk/export-insurance-policy-_exip_-2008-10.pdf

The Export Insurance Policy protects an exporter against not receiving payments to which it is contractually entitled under a capital goods contract as a result of the occurrence of specified commercial or political risks.

Bond Insurance Policy (BIP)
http://www.ecgd.gov.uk/bond-insurance-policy-_bip_.pdf

A Bond Risk Policy provides protection in the event of a bond being called unfairly and for calls made as a result of specified political events, and is provided in respect of an export contract where a Buyer Credit facility, an SCF facility, or an EXIP is being provided for that contract.

B. 2007/08 business

The total amount of insurance and guarantees provided by the ECGD in 2007/08 was £1,830 million, up from £1,798 million in 2006/07, but lower than in earlier years.[61] The total exposure on the ECGD's books was £12,719 million in 2007/08, down from £13,736 million in 2006/07.[62]

Business to 24 overseas countries was supported in 2007/08, through 96 guarantees and insurance policies. Premium income was £60.4 million, up 9% from 2006/07 (£54.9 million), but lower than the 2005/06 income of £88.2 million. In 2007/08 Buyer Credit and Supplier Credit accounted for £922 million of support, Supplier Credit Insurance and Indemnities accounted for £770 million of support, while Overseas Investment Insurance (OII) accounted for £138 million.[63]

ECGD business is dominated by defence projects (57% in 2007/08) and Airbus (29%), with the remainder being civil projects (13%) and 'other aerospace' (1%). Insurance cover for BAE Systems relating to the Saudi British Defence Cooperation Project (SBDCP) was cancelled with effect from 31 August 2008. This related to £750 million of cover in 2007/08.[64] In 2007/08, ECGD supported (along with French and German counterparts) the export of 68 Airbus aircraft. [65] In 2008/09 ECGD (along with counterparts) expect to cover around 25% of Airbus deliveries, compared with 15% in 2007-08.

ECGD's civil business in 2007/08 included assistance for Motorola Limited exporting to Kazakhstan, and Mabey & Johnson Ltd exporting to Sri Lanka. The annual report also notes:[66]

> […] There continues to be an increasing demand for support for project finance transactions. ECGD worked on a number of such cases during the year and expects to provide support for a large process plant project in Saudi Arabia in early 2008-09. In February 2008, before ECGD was in a position to take a substantive decision on whether to provide support for the Sakhalin II oil and gas project in Russia, the project sponsor, Sakhalin Energy Investment Company, withdrew its application for ECGD support. ECGD had been considering the application to support the US$21 billion project since 2003. […]

On renewable energy and SMEs, ECGD note:[67]

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61 ECGD, *Export Credits Guarantee Department Annual Review and Resource Accounts 2007-08*, HC 581, 30 October 2008
62 Ibid., p23
63 Ibid., pp14-5
64 ECGD
65 ECGD, *Export Credits Guarantee Department Annual Review and Resource Accounts 2007-08*, HC 581, 30 October 2008 p15
66 Ibid. p17
67 Ibid. p18

Renewable Energy

ECGD and BERR continue to promote the Government's Renewables Initiative, which offers a minimum of £50 million of ECGD cover each year to support any UK renewable energy exports and investments that meet ECGD's minimum risk standards. ECGD is considering some approaches from UK-based suppliers of renewable energy equipment.

Support for Small and Medium-Sized Enterprises

ECGD provides support for facilities provided by Sovereign Star Trade Finance, a UK financial institution, in order to give readier access to its products for small and medium sized enterprises (SMEs) who are looking to export. It can offer overseas buyers medium-term finance of up to five years for capital goods purchases. Loans will usually be for a maximum of £2 million and finance up to 85 per cent of eligible goods and services.

From April 2005 to March 2008, the ECGD ran a pilot operating as a Government Trading Fund. In June 2007 the Government announced that from April 2008 a new financial framework would operate:[68]

The Minister for Trade (Mr. Ian McCartney): I would like to make a statement on the future status of the Export Credits Guarantee Department (ECGD).

I can now set out the financial framework under which ECGD will undertake its functions from 1 April 2008.

On 1 July 2004, Official Report, column 22WS, the then Secretary of State, my right hon. Friend, the Member for Leicester, West (Ms Hewitt) told the House about the work she had put in place for ECGD to assess the suitability of its operations becoming a Government trading fund by operating a pilot of this status over a two-year period from April 2005. This period was subsequently extended to April 2008.

Since then, there have been some important changes in the environment in which ECGD operates. In particular, against a background of changing UK industrial and trading patterns, buoyant private sector financial markets and benign global risk conditions, there has been a reduced demand for ECGD support and a reduction in its customer base. This has cast doubt about ECGD's long-term suitability to operate within a trading fund structure. Moreover, the experience of operating as a pilot trading fund, combined with other reforms in ECGD's operations, has shown that the benefits from establishing an ECGD trading fund can be delivered in a more appropriate and effective way.

I am pleased to tell the House that the Chief Secretary and I have now agreed a new financial framework that is consistent with the objectives for ECGD set out in 2004.

A number of key principles will underpin the new framework. First, there will be a cap on the risk exposure that ECGD can commit without express consent from

68 HC Deb 26 Jun 2007 cc23-4WS

HM Treasury, but with sufficient headroom to meet current and potential demand from exporters. Secondly, robust systems will continue to be used to assess and control the assumption of new risks. Thirdly, the premiums which ECGD charges on the transactions that it supports will continue to reflect the risk, including making a contribution to the cost of notional capital and to the maintenance of sufficient reserves, and to cover administration costs. Fourthly, ECGD's administration costs will in future be subject to departmental expenditure limits and the disciplines of Government spending reviews. The new framework will include revised financial objectives to enable Ministers to monitor the ongoing performance of ECGD's operations.

Overall, this new financial framework will provide a structure for managing ECGD's business that is appropriate to today's needs and which continues to balance the requirements of exporters against those of protecting the taxpayer and of achieving value for money.

The ECGD is expected to be self-funding, and a recent PQ asked for the Government's planned future expenditure on ECGD:[69]

Dr. Cable: To ask the Minister of State, Department for Business, Enterprise and Regulatory Reform if he will estimate his Department's expenditure on the Export Credits Guarantee Department in each financial year from 2009-10 to 2014-15. [257650]

Ian Pearson: ECGD is self-funding and funds its operations out of the premium it charges for its support to exporters and the interest it charges on un-recovered claims.

[69] HC Deb 2 Mar 2009 cc1342-3W

C. The ECGD and recent Parliamentary comment

A number of select committee inquiries have been held into the ECGD. An inquiry into *The Work of the Export Credits Guarantee Department* was held by the Trade and Industry Committee and published in June 2004.[70] In subsequent years the then Trade and Industry Select Committee also published reports on the *Implementation of ECGD's Business Principles*[71] and the *Export Credits Guarantee Department's bribery rules*.[72]

The Environmental Audit Select Committee reported on the ECGD and sustainable development on 20 October 2008.[73] The Government response was published on 5 March 2009.[74]

A debate, focusing on ECGD and environmental issues, took place in Westminster Hall on 17 October 2007.[75]

70 Trade and Industry Committee, *The Work of the Export Credit Guarantees Department*, Sixth Report of 2003-04, HC 506-I, 15 June 2004

71 Trade and Industry Select Committee, Ninth Report of 2004-05, Implementation of ECGD's Business Principles, HC 374-I, 4 April 2005

72 Trade and Industry Select Committee, Fifth Report of 2005-06, Export Credits Guarantee Department's bribery rules, HC 1124, 25 July 2006

73 Environmental Audit Select Committee, Eleventh Report of 2007/08, The Export Credits Guarantee Department and Sustainable Development, HC 929, 20 October 2008

74 Environmental Audit Select Committee, Third Special Report of 2008/09, The Export Credit Guarantee Department and Sustainable Development: Government Response, HC 283, 5 March 2009

75 HC Deb 17 Oct 2007 c274WH

V Further information

Progress of the Bill can be tracked at:
http://services.parliament.uk/bills/2008-09/industryandexportsfinancialsupportbill.html

The Bill can be viewed at:
http://www.publications.parliament.uk/pa/cm200809/cmbills/070/09070.i-i.html
The explanatory notes can be viewed at:
http://www.publications.parliament.uk/pa/cm200809/cmbills/070/en/09070x--.htm

a. BERR and Business Support

BERR's webpages on enterprise and small business are available at:
http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/index.html

Details of financial support for SMEs are available at:
http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/info-business-owners/access-to-finance/page37736.html

SME and VAT Registration statistics are available at:
http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/research-and-statistics/statistics/page38563.html

Information on Assisted Areas is at:
http://www.berr.gov.uk/whatwedo/regional/assisted-areas/index.html

Support available in Assisted Areas is given at:
http://www.berr.gov.uk/whatwedo/regional/investment/page29183.html

b. Industrial Development Act

The 2007/08 Annual Report of the Industrial Development Act 1982 is available at (HC 722, published 26 June 2008): http://www.berr.gov.uk/files/file46787.pdf

Library Research Paper 03/15, The Industrial Development (Financial Assistance) Bill, Bill 5 of 2002-2003, 13 February 2003:
http://www.parliament.uk/commons/lib/research/rp2003/rp03-015.pdf

Eighth Delegated Legislation Committee, Thursday 5 March 2009, Draft Financial Assistance for Industry (Increase of Limit) Order 2009: http://www.publications.parliament.uk/pa/cm200809/cmgeneral/deleg8/090305/90305s01.htm

c. ECGD

The ECGD website is at: http://www.ecgd.gov.uk/

Details of their products and services are available at:
http://www.ecgd.gov.uk/index/products-and-services.htm

ECGD annual reports and publications are available at:
http://www.ecgd.gov.uk/index/pubs_home.htm

Trade and Industry Select Committee, Sixth Report of 2003-04, The Work of the Export Credit Guarantees Department, HC 506-I, 15 June 2004

Trade and Industry Select Committee, Ninth Report of 2004-05, Implementation of ECGD's Business Principles, HC 374-I, 4 April 2005

Trade and Industry Select Committee, Fifth Report of 2005-06, Export Credits Guarantee Department's bribery rules, HC 1124, 25 July 2006

Environmental Audit Select Committee, Eleventh Report of 2007/08, The Export Credits Guarantee Department and Sustainable Development, HC 929, 20 October 2008

Environmental Audit Select Committee, Third Special Report of 2008/09, The Export Credit Guarantee Department and Sustainable Development: Government Response to the Committee’s Eleventh Report of Session 2007–08, HC 283, 5 March 2009

A debate on ECGD took place in Westminster Hall on 17 October 2007:
http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm071017/halltext/71017h0004.htm#07101747000004

ECGD and the Shareholder Executive:
http://www.shareholderexecutive.gov.uk/performance/ecgd.asp

d. Industry and the economic downturn

National Statistics:

- Trade: http://www.statistics.gov.uk/cci/nugget.asp?id=199
- Labour Market: http://www.statistics.gov.uk/cci/nugget.asp?id=12
- GDP: http://www.statistics.gov.uk/cci/nugget.asp?id=192
- Index of Production: http://www.statistics.gov.uk/cci/nugget.asp?id=198
- Productivity: http://www.statistics.gov.uk/cci/nugget.asp?id=133
- Public Sector Finances: http://www.statistics.gov.uk/cci/nugget.asp?id=206
- Business Investment: http://www.statistics.gov.uk/cci/nugget.asp?id=258

Labour Market data for Parliamentary Constituencies and Local Authorities are available at: https://www.nomisweb.co.uk/Default.asp

CBI Access to Credit Survey, February 2008:
http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/606025ffdf5fea968025756c00539d3d?OpenDocument

CBI Industrial Trends Survey, February 2008:
http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/0d0b1ad72598c9218025755f0045e30b?OpenDocument

British Chambers of Commerce Economic News:
http://www.britishchambers.org.uk/6798219244827338781/economic.html

Library Research Paper 09/13, Unemployment by Constituency January 2009, 11 February 2009:
http://www.parliament.uk/commons/lib/research/rp2009/rp09-013.pdf

Library Research Paper 09/20, Economic Indicators March 2009, 4 March 2009:
http://www.parliament.uk/commons/lib/research/rp2009/rp09-020.pdf