



BEXA

NEWSLETTER

July 2009

British Exporters Association
(est. 1940)
Broadway House,
Tothill Street,
London SW1H 9NQ

Tel.: 020 7222 5419
FAX: 020 7799 2468
Email: hughbailey@bexa.co.uk
Website: www.bexa.co.uk
Director: Hugh Bailey

TO SUPPORT, REPRESENT AND PROMOTE THE INTERESTS OF THE UK EXPORTING COMMUNITY

Payment Risk

The recent cabinet reshuffle did not bring a great change in relation to our Minister – it continues to be Lord Davies. However, we shall miss Ian Pearson MP, who previously had a dual role at Treasury and Trade, and was responsible for ECGD, and was a keen supporter of exporting.

- ECGD has closed its consultation on a proposed facility to underwrite confirmations of letters of credit. BEXA made a 7-page submission in respect of this consultation, our theme being that we welcomed it but since letter of credit payment terms are used in perhaps 10 – 15% of exports, and of that, only a small proportion are required to be confirmed, there were other aspects of export credit protection and Government support that could have a bigger impact.
- We had been advised during June that there was to be a second consultation – in the Budget this was described as “before the summer, the Government will conclude a review into what other support ECGD could provide to help exporters deal with the consequences of the current instability in financial markets”. Clearly we are still in the “before the summer” phase.
- There was plenty of lobbying going on by commercial businesses and business organisations, including BEXA, requesting government support for trade credit risk insurance, domestic and export. HMG introduced a top-up scheme for domestic credit insurance. Now the Dept. of Business, Innovation & Skills (BIS, the new name for BERR) is receiving input as to why the domestic top-up scheme has not seen greater take-up. Basically, it is too expensive, too small scale, and only works where a limit has been reduced (rather than cut). At the same time, the credit insurance industry is involved in discussions concerning the paucity of financial information available on UK private companies which has an impact on the willingness of credit insurers to offer cover.
- Credit insurance should be able to help exporters get through the recession. While there has been plenty of criticism of the limit cancellations, it should not be overlooked that not all policyholders are receiving poor service
- Existing ECGD customers are concerned that ECGD, in its current slimmed down form, does not have the resource to deal efficiently with the provision of extra support. Likewise, they do not feel it will be able to handle the multiple enquiries that might arise if ECGD provides more support for short-term credit insurance. (This situation would arise if, like some other national Export Credit Agencies, ECGD used the current temporary relaxation allowed by the European Commission to provide short-term cover on a temporary basis where the commercial insurers were unwilling to do so). Lastly, ECGD support comes with strings. At present it is only allowed to underwrite capital and semi-capital goods. Moreover, it has to work under a set of excessive “business principles” established in the good times. Not only does each application have to be accompanied by an Impact Assessment (which may well be waived for short-term business, if any, that ECGD engages in), but there are onerous, unworkable, declarations in relation to bribery and corruption. This is all a reflection of the fact that ECGD cover is underwritten by taxpayers. Contrast this with the millions recently dished out in support of banks to provide working capital support, or even to UKTI in support of exports – no “Business Principles” were established for those “investments”. As they say, timing is everything!

Susan Ross, Chairman

Last but not Least

BEXA's Industry Committee has elected Jon Coleman of BAE Systems as Committee Chairman. He succeeds Gerard Grady of Motorola, who is now BEXA's Deputy Chairman. Alan Rides of Alpertron International is the new Deputy Chairman of the Industry Committee.



Light dues

Who should pay for lighthouses? The users? No, wrong. The Dept of Transport says it is large cargo ships, which in any case have sophisticated navigation systems that no longer rely on lighthouses. Pleasure craft don't have to pay. The DoT held a consultation to propose to increase Light Dues. BEXA added its voice - we are concerned that if the costs are too high for large commercial container ships to visit the UK, they'll simply stop at Rotterdam, and UK inbound and outbound containers will have to be transhipped - so each container will incur an extra unload and loading cost. The DoT thanked BEXA for its submission, but will put the light dues up anyway.

Port of Felixstowe

Staying on our marine theme, on 12th May 22 members visited the Port of Felixstowe for an excellent tour of the port hosted by Aceona Management and Hutchison Ports. We even saw BEXA members' goods lining up ready for export. However, most goods were safely “stuffed” into containers, ready to be loaded on board. We were advised that a larger proportion than last year of the stacked containers were empty, not that we could tell the difference!

Feedback from BEXA events on May 8th

The BEXA Spring Reception attracted an attendance of 150 people to the House of Lords. Lord Selsdon hosted the reception and Sir Richard Needham PC, BEXA's President, said a few words, including introducing the winner of the GTR BEXA Young Exporter of the Year Award, Marie Quilter of Rolls-Royce. That afternoon 100 delegates were present at BEXA's well-received seminar on Russia and current export topics.

BEXA Survey

BEXA conducted a survey on payment terms for exports in order to be able to respond to BIS, which had gained an impression that most exports were conducted on the basis of letters of credit. The reality is that a lot more is conducted on open account terms, often secured by credit insurance. Thank you to members who completed the survey

Lord Davies of Abersoch, Minister of State for UK Trade, Investment and Business at BIS, will be the Chief Guest at the BEXA Annual Luncheon on October 12th in the Mansion House.