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Have you a home for this?

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Trade

PRIME MINISTER

I attach a glossy booklet circulated recently by the ECGD to businesses in the North of England. We have already had a couple of letters of complaint, and we have asked Mr. Nott to reply. It does seem to me to be a ridiculous example of unacceptable Government extravagance in the current circumstances.

MAP

MG

12 November, 1980.

ECGD

1931 1932 1933 1934 1935 1936 1937 1938 1939 1940

50

1941 1942 1943 1944 1945 1946 1947 1948 1949 1950

YEARS

1951 1952 1953 1954 1955 1956 1957 1958 1959 1960

IN THE

1961 1962 1963 1964 1965 1966 1967 1968 1969 1970

NORTH

1971 1972 1973 1974 1975 1976 1977 1978 1979 1980

ECGD's 50 years in the North

1980 marks the fiftieth anniversary of the establishment of ECGD's first office in the North – in Bradford – the precursor of several ECGD offices which served exporters in Yorkshire, Humberside and the north-east of England, before the opening eight years ago of the present regional office in Leeds. This booklet has been produced as a memento of the golden jubilee of ECGD's presence in the region. It is addressed to all those engaged in export business – producers and sellers of goods and services, bankers, brokers, chambers of commerce, trade associations, government departments, and ECGD staff (past and present) who have given service in the region.

The early years

From ECGD's earliest days the textile industry has, among others, made the fullest use of the credit insurance services offered by ECGD. Just nine years after ECGD opened its doors for business in the City of London in 1919, the first branch office was set up in Manchester with the aim of building up a closer working relationship with Lancashire cotton exporting firms. It was perhaps a natural development that the second ECGD branch office should be set up in the woollen industry's 'capital city' of Bradford. These two offices laid the foundations of ECGD's continuing policy of being 'on the doorstep' throughout the UK to deal with industry's export credit insurance problems. The Bradford Office was followed by the setting up of branches in Birmingham (1934), Glasgow (1935), Sheffield (1938), and Newcastle (1939). These pre-war offices were initiated with the active and willing co-operation of local chambers of commerce who in each case provided a room as a base-office for ECGD's representative.

The establishment of the original Bradford Office in 1930 broadly coincided with the emergence of ECGD from its experimental years. It was during the 1930s that the basic principles of credit insurance as we know it today became established. 1930 was also the year in which ECGD became an independent department with its own Parliamentary 'vote.' The first 'whole-turnover' guarantees covering exporters against the risks of overseas buyers' defaults and insolvencies were issued the following year and a standard comprehensive policy was introduced in 1932. By the mid-1930s ECGD was starting to provide cover against the political risks of loss; a time which also saw the beginnings of ECGD's involvement in guarantees for medium-term credit for overseas projects such as railway electrification schemes and the construction of iron and steel plants. By the outbreak of the second world war, the two main features of ECGD insurance – the 'whole-turnover' principle, and the coupling of buyer risk cover with that for political risks – were well established.

The post-war years

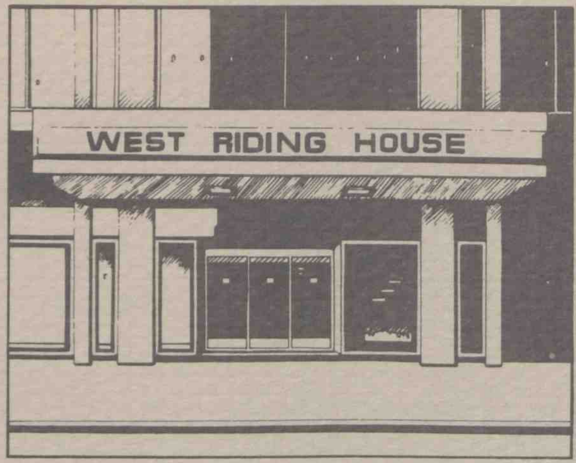
The years of the second world war saw ECGD faced with the particular problems of insurance against war risks. Nevertheless, it was also a period when with considerable foresight the Department planned for a resumption of normal trading conditions and for the expansion of its services to meet the needs of British exporting industry in a world where the old sellers' markets for British goods had disappeared for ever, and where increasing international competition was to be the order of the day. As world trade expanded, particularly in connection with the post-war industrialisation programmes of many developed and developing countries, so credit increasingly became an essential element of the new competitiveness. In 1947 ECGD covered a modest 11 per cent of UK exports; by the end of the 1950s 20 per cent had been reached, and 30 per cent by the mid-1960s. Since that date the figure has fluctuated between 30 and 38 per cent.

The most significant development during the 1950s was the introduction of direct ECGD guarantees to banks providing export finance. With these guarantees exporters could obtain post-shipment finance at favourable interest rates. At first the facility was confined to machinery and similar exports covered by ECGD on a case-by-case basis under specific guarantees; the inauguration of direct bank guarantees in conjunction with comprehensive guarantees did not occur until the mid-1960s. Meanwhile ECGD had been developing buyer credits for large project business; but the operation of cover for such projects has always remained a function of ECGD's London Head Office. The main development affecting ECGD's regional offices was a steady expansion to deal with the growing number of policy-holders. By the early 1970s ECGD had expanded the number of branch offices to 20, all situated in main commercial centres.

ECGD's first Leeds Office was an early response to this post-war expansion, opening for business at Cabinet Chambers, Lower Basinghall Street in the latter months of 1949. It continued to make an important contribution to the growth and development of ECGD's comprehensive facilities during the 1950s and 1960s, and provided valuable and increasing support for local business.

In 1972, as part of the activity following the publication of an independent review of the Department's functions led by Mr David Scholey, it was decided that in place of 20 branch offices there should be ten regional offices serving larger areas than their predecessors and taking on many functions formerly the prerogative of the London Head Office. Leeds was the first of the new style regional offices to come into operation, opening at Otley Road, Headingley in September 1972. The last Bradford Office at West Riding House, Cheapside closed in September 1972: the Newcastle and Sheffield Offices shut their doors in November of the same year.

After three years in Headingley the Leeds regional office moved to its present city centre address of West Riding House, Albion Street. The region served by this office now stretches from the Scottish border to the outskirts of Lincoln, and from the North Sea coast to the Pennine borders of Lancashire and Cumbria.



ECGD today

Today, ECGD's Leeds Office has a staff of 50 divided into five sections. One deals with exporters' all-important applications for credit limits on overseas buyers; another gives advice on probable loss situations and handles preliminary processing of claims documentation. A third section is responsible for the underwriting and issue of new and renewed policies. Premium payments amounting to over £4 million a year are handled by the Premium Section, and the Marketing Section is responsible for visits to exporting firms. This section undertakes the great majority of the 2,000 or so calls to each firm made each year by Leeds Office staff.

Bill Ford, who has been Director of ECGD's Leeds Office since the regionalisation programme of 1972, sees the office's main responsibility as carrying on the long tradition of actively taking export credit insurance to the region's businessmen: 'Although we now serve a large region with several major industrial centres, it remains our aim to build up good working relationships with companies wherever they may be situated. Those firms who are already policy-holders have regular direct contact with the office in connection with such things as credit limit applications on new and existing buyers, renewal of policies and potential losses. As to the uninsured, our marketing officers have found from contact with firms over the years that there is widespread awareness of ECGD's existence, but sometimes a lack of appreciation of the many benefits which our facilities can bring to their business.'

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ECGD policies serviced by the Leeds Office 1972-80

1972197219721972197219721972197219 1587
1973197319731973197319731973197319 1578
197419741974197419741974197419741 1548
1975197519751975197519751975197519 1581
19761976197619761976197619761976 1533
1977197719771977197719771977197719 1618
197819781978197819781978197819781978 1720
19791979197919791979197919791979197919 1766
19801980198019801980198019801980198019 1776

Total amount of business declared in the North
1974-79 in £m

197419741974197 502
197519751975197519 619
197619761976197619761 718
1977197719771977197719771977197 1077
197819781978197819781978197819781978 1227
19791979197919791979197919791979197919 1293

A full indication of the developing role played by ECGD in supporting exporting industry can be gauged from the graphs above. After nearly a decade of operation as a regional office, Leeds can show impressive growth. The value of business insured in 1973-74 stood at £500 million; by 1979-80 it had reached £1,293 million. The number of policies held by firms in the region has steadily increased from under 1,600 in 1973 to nearly 1,800 today.

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A more colourful representation of the part played by Leeds Office can be given by listing some of the region's goods sold abroad with ECGD support. The textile and engineering industries remain among the more important users of ECGD's facilities, but ECGD is also engaged in supporting industries as diverse as those producing–and exporting–artists' brushes, live maggots for anglers, pigs for breeding, chemicals with a variety of end uses, toys, and foodstuffs as various as frozen pastry and chocolate on the one hand, and seafoods, including lobsters, on the other.

And the development of ECGD's services from Leeds continues. Like all ECGD regional offices it is now linked by visual display units (VDUs) with the Department's Cardiff-based computer, on which is stored status information on buyers world-wide. In total ECGD carries information on some 150,000 firms in approximately 180 markets. The development of a computer system is already bringing benefits to both ECGD and policy-holders, as increasing numbers of 'credit limits' are underwritten in Leeds without the need to refer applications to headquarters. Exporters are now getting same-day decisions on some 30 per cent of such applications compared with about 5 per cent before the installation of VDUs.

In total, the Leeds Office receives applications for credit limits on overseas buyers at the rate of some 450 a week. Andrew Lane, Deputy Director of the office explains, 'It is the credit limit service which lies at the heart of ECGD's services to exporters. Most firms in this region know that if they are to expand their overseas business without the fear of crippling losses they must have credit insurance. But, quite understandably, they want decisions on the credit-worthiness of overseas buyers to be made as quickly as possible. We are continuously trying to speed up the decision-making process – and every improvement is all to the good for the region's exporters. But, in the end, ECGD's credit limit service is only as good as the information it receives from overseas sources. With buyers on whom ECGD has no previous knowledge, reliable information is not usually obtainable at short notice. In these cases we have to wait for the information to come to hand – the major factor in the 'turn-around' time of applications on such buyers.'

For the great majority of firms in the North, Leeds is the only ECGD office they will need to have direct contact with. In addition to its central role in connection with the basic ECGD guarantees for short- and medium-term credit for overseas sales, Leeds Office is frequently called upon to give information on the Department's other facilities, such as guarantees for post-despatch bank finance, cover on business expressed in foreign currencies, guarantees for performance bonds, guarantees for business done with and by overseas subsidiaries or associated companies, buyer credits, lines of credit and so on.

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Prospect

Competition for export contracts has never been stronger than it is today, with British firms facing a daunting task to retain their competitive edge against the vigorous challenge of foreign rivals in both the well-established trading nations and in the newly industrialised countries. An equally challenging problem for world trading arises from the economic and political instability of several – mainly newly emergent – nations among which are a number of the UK's traditional trading partners. In 1979-80 ECGD paid out a record of about £250 million in claims; of this about £180 million arose from country causes of loss – mainly overseas governments with serious economic problems preventing or delaying the transfer of payments. In comparison, five years earlier in 1974-75, ECGD paid out a total of £30 million, of which only £16 million was attributable to country causes of loss. Without officially backed credit insurance today's losses from non-payment on exports could mean for some companies not just a reduction in earnings but dire solvency problems.

The challenge of the years ahead in an ever-changing world is faced with confidence and determination by Leeds Office. ECGD's record of service to exporters during 50 years' presence in the region will stand it in good stead, as will the goodwill and understanding afforded by the exporting community during that time. It is in acknowledgement of this spirit of co-operation that ECGD offers this commemorative booklet to all those in the region involved in exporting – and to the Leeds Office as it prepares for the next half-century.

What is ECGD?

The Export Credits Guarantee Department is a government department responsible to the Secretary of State for Trade. It helps British exporters of goods and services in two main ways. First, ECGD insures exporters against the risks of not being paid by their overseas customers – whether through the default of the buyer or through other causes, such as exchange difficulties in the buyer's country. Second, ECGD gives guarantees to the banks under which exporters can obtain finance for their export transactions, often at favourable rates of interest. ECGD also insures new investment overseas.

ECGD's Head Offices are in London and Cardiff, and it has ten regional offices (Leeds, Manchester, Birmingham, Bristol, Belfast, Glasgow, Cambridge, and three in London) serving over 12,000 exporters up and down the country.

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