



UK Export
Finance

PRODUCTS AND SERVICES

LETTER OF CREDIT GUARANTEE SCHEME

What is the Letter of Credit Guarantee Scheme?

A guarantee to a bank to enable UK exporters to get their letters of credit confirmed by their bank.

We are the UK's export credit agency.
[gov.uk/uk-export-finance](https://www.gov.uk/uk-export-finance)

Why might I need it?

If you are exporting overseas you can ask to be paid under a letter of credit from a bank, instead of by the customer directly. Letters of credit are generally issued by your customer's bank and are usually governed by internationally recognised terms, so can be a safe way to ensure payment. A letter of credit provides assurance to an exporter that, as long as you provide the required documentation, you will be paid at an agreed time.

You may want a letter of credit to be confirmed by a UK bank to ensure that even if the foreign bank doesn't pay, the UK bank will pay out. However, your bank may have a low risk appetite for the foreign bank that has issued the letter of credit, in which case your bank can seek support from UKEF.

How can UKEF help?

Based on our own risk assessment of the issuing bank, we can share the risk of confirming a letter of credit with a UK bank. UKEF's Letter of Credit Guarantee Scheme will guarantee up to 90 per cent of the value of a letter of credit and so enable UK banks to confirm more letters of credit.

The scheme offers protection to banks against a non-payment by overseas banks and the exporter is protected against the risk of non-payment by the confirmed letter of credit.

Eligibility

- UK-based exporter.
- Goods must be exported from the UK or must be imported into the UK before being re-exported.
- Issuing bank must be based outside the EU and other specified high-income countries.

What else do I need to know?

Who is it for:

All exporting companies, including SMEs.

What are the limits:


There is no minimum or maximum contract value. Documentation demanded by the letter of credit must be presented within a year; the deferred payment period of the letter of credit must also be less than a year.

Cost:

The bank pays a guarantee fee to UKEF, which is a proportion of the fee it receives from the exporter for confirming the letter of credit.

How do I apply:

Through a participating bank. A list of participating banks can be found on the UKEF website.



To find out more speak to your regional Export Finance Adviser or contact our national customer service centre on:

+44 (0)20 7271 8010

customer.service@ukef.gsi.gov.uk

gov.uk/export-finance

Disclaimer The information available in this product guide is not intended to be a comprehensive description of our products and many details relevant to particular circumstances may have been omitted. Applicants for products must read the full policy or guarantee to see whether it meets their needs. When considering applications, underwriters will look at each case on its merits.