

INDUSTRY AND EXPORTS (FINANCIAL ASSISTANCE) BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Industry and Exports (Financial Assistance) Bill as brought from the House of Commons on 24 February 2026 (HL Bill 170).

- These Explanatory Notes have been prepared by the Department for Business and Trade and UK Export Finance in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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Overview of the Bill

- 1 The Industry and Exports (Financial Assistance) Bill raises the funding cap for financial assistance provided by the Government under section 8 of the Industrial Development Act 1982 (IDA) and increases the UK Export Finance's statutory commitment limit, under the Export and Investment Guarantee Act 1991 (EIGA) to support export and business growth. This Money Bill contains three clauses:
 - Clause 1 – Amendments to section 8 of the IDA 1982
 - Clause 2 – Amendments to the EIGA 1991
 - Clause 3 – Extent, commencement and short title
- 2 The IDA imposes an aggregate limit on the amount of selective financial assistance that the Secretary of State can provide for industry. That limit currently stands at £12,000 million (£12 billion).
- 3 The IDA also sets out that the Secretary of State may, on not more than four occasions, by order made with the consent of the Treasury, increase that limit by up to £1,000 million (£1 billion).
- 4 The Bill will seek to make two changes amendments to the IDA:
 - To raise the £12 billion limit to £20 billion.
 - To raise the £1 billion order sum limit to £1.5 billion.
- 5 These amendments are inflation adjustments since the limit was last raised via the Industry and Exports (Financial Support) Act 2009.
- 6 The EIGA imposes an aggregate limit on commitments made by the Secretary of State under arrangements made pursuant to the EIGA relating to UK exports and insurance related to those exports. Following the introduction of secondary legislation in autumn 2024, that limit currently stands at 82,700 million Special Drawing Rights. This equates to approximately £84 billion.
- 7 The Bill will seek to make four changes amendments to the EIGA:
 - raise the commitment limit to £160 billion;
 - simplify the legislation by expressing the limit in Sterling, rather than in Special Drawing Rights as is currently the case;
 - make provision for the limit to be increased by increments of up to £15 billion through secondary legislation, as the need arises; and
 - remove the limit on the number of occasions on which the limit can be raised.

Policy background

Industrial Development

- 8 Section 8 of the IDA allows the Secretary of State, with the consent of HM Treasury, to provide financial assistance, where in the Secretary of State's opinion –

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- a. the financial assistance is likely to benefit the economy of the UK, or of any part or area of the UK;
 - b. it is in the national interest that the financial assistance 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.
- 9 The IDA is an act enabling the dispersant of financial assistance by Government to the benefit of the UK economy. The IDA has allowed for the support of hundreds of thousands of jobs across the UK, coupled with the leverage of billions of pounds of private capital investment.

UK Export Finance

- 10 UK Export Finance is the operating name of the Export Credits Guarantee Department, which is the UK's export credit agency (ECA). It is a ministerial government department reporting to the Secretary of State for Business and Trade and is strategically and operationally aligned with the Department for Business and Trade. UK Export Finance's mission is to advance prosperity by ensuring that no viable UK export fails for lack of finance or insurance, doing so that sustainably and at no net cost to the taxpayer over time.
- 11 The Secretary of State, acting through UK Export Finance, assists UK companies to win export contracts by providing attractive financing terms to their buyers. UK Export Finance also assists UK businesses fulfil export contracts by supporting working capital loans and contract bonds and helps ensure that they are paid for export contracts by providing insurance against buyer default.
- 12 The UK Export Finance portfolio consists of the aggregate amount of commitments made by the Secretary of State, through arrangements made under the EIGA, relating to exports and insurance. The size of UK Export Finance's portfolio therefore cannot exceed the commitment limit under section 6(1) of the EIGA (currently 82,700 million special drawing rights, or approximately £84 billion).
- 13 The UK Export Finance portfolio is now larger than at any point in its history and plays a vital role in delivering the government's growth mission. During financial year 2024/25, UK Export Finance issued around £14.5 billion of financial support, directly supporting 667 businesses. This is estimated to have supported up to 70,000 jobs around the country as well as contributing up to £5.4 billion to the UK's Gross Domestic Product (GDP). This reflects UK Export Finance's vital role in helping to deliver the government's key growth mission.

Legal background

- 14 The Bill increases a statutory spending limit in the IDA and modifies an existing delegated power to incrementally increase that aggregate limit by increasing the amount the Secretary of State can raise it by, from up to £1 billion to £1.5 billion.
- 15 The Bill amends Section 6 of the EIGA in four ways:
- a. raising the statutory commitment limit from 82,700 million special drawing rights to £160 billion;
 - b. defining the statutory commitment limit by reference to £ sterling, rather than special drawing rights;

- c. increasing the incremental amounts by which the statutory commitment limit can be raised from £5 billion to £15 billion; and,
- d. removing the limit on the number of occasions on which the limit can be increased.

Territorial extent and application

- 16 Clause 3 sets out the territorial extent of the Bill, that is the legal jurisdictions of which the provisions of the Bill are intended to form part of the law. The Bill extends to England and Wales, Scotland and Northern Ireland. The Bill also applies in the whole of the United Kingdom.
- 17 The Bill's provisions deal with reserved matters. Export finance is a reserved matter under Schedule 5 to the Scotland Act 1998, Schedule 7A to the Wales Act 2006 and Schedule 3 to the Northern Ireland Act 1998. Making provision about the aggregate spending limit in section 8(5) of the IDA is reserved under Schedule 5 to the Scotland Act. Schedule 7A to the Government of Wales Act 2006, The National Assembly for Wales (Transfer of Functions Order) 1999 and Schedule 3 to the Northern Ireland Act 1998. The Bill does not therefore require a legislative consent motion from the devolved legislatures.

Commentary on provisions of Bill

Clause 1: The Industrial Development Act 1982 – Limit on selective financial assistance for Industry

- 19 This clause amends subsection (5) of section 8 of the IDA 1982. Clause 1(a) increases the aggregate limit of financial assistance which can be provided under section 8(1) of the Act from £12 billion to £20 billion. Clause 1(b) raises the level of incremental increases that can be made in an order made by the Secretary of State from £1 billion to £1.5 billion.
- 20 These amendments are inflation adjustments since the limit was last raised via the Industry and Exports (Financial Support) Act 2009.

Clause 2: The Export and Investment Guarantees Act 1991 – Financial assistance for exports and overseas investment: Commitment Levels

- 21 Clause 2(1)(a) amends section 6(1) by raising the statutory commitment limit for UK Export Finance from 82,700 million special drawing rights to £160 billion. Clause 2(1)(a) will allow UK Export Finance to manage the risk of drawing close to, or inadvertently breaching, the legal commitment limit set in The EIGA Act 1991.
- 22 Clause 2(1)(b) amends an existing power in section 6(4)(a) that allows the Secretary of State to increase the commitment limit by increments of a sum not to exceed £15 billion using the draft affirmative statutory instrument procedure and amends the definition of that limit from special drawing rights to sterling.
- 23 Clause 2(1)(c) amends section 6(4A) by removing the limit on the number of times that the Secretary of State may increase the section 6(1) commitment limit.
- 24 Clause 2(1)(d) amends section 6(5)(e) by inserting a reference to “sterling” to align with the amendments to section 6 which also reference sterling.
- 25 The statutory commitment limit was last increased in November 2024 when three Statutory Instruments were approved by the House of Commons. The EIGA 1991 made provision for the Secretary of State to increase the limit by 5 billion special drawing rights on up to three separate occasions. The three Statutory Instruments combined raised the limit to 82,700 million special drawing rights.
- 26 Clause 2(2) omits section 12(2) of cancels the impact of parts of Section 12, of the Small Business, Enterprise and Employment Act, 2015, consistent to align with the amendments changes listed in Clauses 2(1)(a, b, c and d)” as explained above.

Clause 3: Extent, commencement and short title

- 27 The Bill extends to England and Wales, Scotland and Northern Ireland; comes into force 2 months following the day it receives Royal Assent; and may be cited as the Industry and Exports (Financial Assistance) Act 2025.

Financial implications of the Bill

- 28 The implication of this Bill is an increase in legal financial caps, which will enable the Government to provide more financial assistance.

Parliamentary approval for financial costs or for charges imposed

- 29 This Bill requires a money resolution because it authorises increases in charges on the public revenue (namely, additional payments paid either by UK Export Finance or under the IDA). The Bill does not require a Ways and Means resolution because the Bill does not authorise new taxation or other similar charges on the people.

Compatibility with the European Convention on Human Rights

- 30 The Government considers that the Bill is compatible with the European Convention on Human Rights (ECHR).

Duty under Section 20 of the Environment Act 2021

- 31 Lord Stockwood, Minister of State (Minister for Investment) within the Department for Business and Trade, is of the view that the Bill as introduced into the House of Lords does not contain provision which, if enacted, would be environmental law for the purposes of section 20 of the Environment Act 2021. Accordingly, no statement under that section has been made.

Duty relating to the impact of the Bill on the UK Internal Market (Northern Ireland)

- 32 As required under the Windsor Framework (Constitutional Status of Northern Ireland) Regulations 2024 which amend the European Union (Withdrawal) Act 2018 the Minister in charge of a Bill will need to make a written statement about the consistency of that Bill with the UK internal market.
- 33 Lord Stockwood, Minister of State (Minister for Investment) within the Department for Business and Trade has determined that the Bill does not contain provisions that affect trade between Northern Ireland and the rest of the UK. Accordingly, a statement under section 13C(2)(a) of the European Union (Withdrawal) Act 2018 has not been made.

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