

*Via post and facsimile*

April 3rd, 2003

Commissioner Wallström  
European Commission  
Rue de la Loi 200  
1049 Bruxelles  
Fax: 02.298.18.99



**Re: ECA Reform at the G8 Environment Summit in Angers, France**

Dear Commissioner Wallström:

The G8 and the OECD countries must take the lead in ensuring that their own countries contribute to sustainable development through the adoption of high-level, binding, environmental and social procedures and standards, drawing upon internationally recognised good practice and norms, for all the activities supported by export credit agencies (ECAs). Until this is accomplished, efforts to protect biodiversity, ensure sustainable production and consumption of materials, access to water and energy, strengthen international governance in Africa and elsewhere will come to naught as they will continuously be undermined by ECA-backed operations that respect no principles of sustainable development. Thus we urge you to reaffirm your strong commitment to the reform of ECAs in line with sustainable development in the final communiqué of the next G8 Environment Summit to be held on April 25th-27th.

In particular, we call upon you and the members of the G8:

- to call for further negotiations on ECA environmental and transparency reforms within the OECD Export Credit Group (ECG) starting this fall;
- to call for greater civil society participation in these negotiations according to ECOSOC rules; and,
- to urge the OECD governments at their Ministerial meeting to give the OECD Environmental Policy Committee (EPOC) a clear mandate to evaluate the environmental impacts of ECA-backed operations in developing countries and economies in transition as part of the ECG fall review.

The G8 Environment Ministers has been acknowledging the importance of environmental reforms for ECAs for the past 4 years. In particular, in March 2001, at the G8 Summit in Trieste, Italy, the Ministers stated that ECAs "*can play a key leadership role in fostering sustainable development.*" They also agreed that:

*“The potential of ECAs to contribute to sustainable development needs to be fostered through a strong and effective commitment of the international community to quickly develop and implement common binding environmental guidelines for ECAs to encourage strengthened integration of environmental consideration in investment decisions. These common guidelines should be based on the practices of other internationally recognized, publicly supported multilateral finance agencies such as the European Bank for Reconstruction and Development and the International Finance Corporation of the World Bank. ECAs should also adopt common measures to increase the transparency of their decision making process, including public access to environmental information, public consultation and consideration of relevant elements of the recommendations of the World Commission on Dams.”*

Despite these repeated calls from the G8 Environment Ministers, negotiations at the OECD Export Credit Group (ECG) reached a deadlock at the end of 2001. While some ECAs from OECD countries refer to a text on “*Common Approaches*” as progress, the text disregards the Trieste Ministerial statement on two counts:

- it fails to require minimum international norms of environmental safeguards and assessment;
- it does very little to improve ECA policy on *ex-ante* disclosure of information and public consultation, which is essential if the transparency of decision-making is to be enhanced as mentioned in the Trieste Communiqué and thus undermines Environmental Impact Assessment procedures.

In addition, contrary to commitments made to respect at minimum host country national legislation, the use of Host Government Agreements in the context of projects and investment operations indicates that this clause is often by-passed, undermining environmental governance and democracy, and commitments to corporate accountability. Indeed, in our view, the *Common Approaches* fails to meet both the OECD and the G8 mandates for ECA environmental reform. Consequently, the environmental and social performance of ECA-backed operations has made no significant progress.

While ECAs have committed to reviewing the status of the implementation of their limited commitments to environmental reform within the ECG in the fall of 2003, they have not committed to further negotiations to improve the current draft text. Trade negotiators are not trained to be able to properly evaluate ECA environmental performance against international agreements and standards and thus we question their commitment to developing the strongest necessary measures to protect the environment and to promote transparency. At the last consultation meeting between the OECD EPOC and NGOs in Paris in November 2002, representatives of the environment ministries showed a strong interest in ECA reform. However, they acknowledged that they need a clear mandate from you to deal with this issue since their access to the ECG negotiations is otherwise very limited. To be effective, negotiations on ECA standards and procedures should also include environmental and social authorities and stakeholders and not only ECA representatives and trade negotiators.

We hope you will endorse our request in the final communiqué of the Angers Summit, and that, in line with previous G8 meetings you will underline the importance of transparency and civil society participation in all environmental decisions in particular those concerning the activities of ECAs.

With best regards,

*Emilie Thenard*

European Campaign to Reform Export Credit Agencies - Brussels

On behalf of the national representatives of the ECA Reform Campaign in the G7 countries:

*Helene Ballande* - Les Amis de la Terre - France

*Doug Norlen* - Pacific Environment - United States

*Jon Sohn* - Friends of the Earth-US - United States

*Nick Hilyard* - The Cornerhouse - United Kingdom

*Fraser Reilly-King* - NGO Working Group on the EDC - Canada

*Ikuko Matsumoto* - Friends of the Earth Japan

*Regine Richter* - Urgewald - Germany

*Antonio Tricarico* - Campagna per la riforma della Banca mondiale - Italy