

Introduction on behalf of the European ECA Reform Campaign  
**Meeting between the Council Working Group on Export Credits and NGOs**  
22 June 2005

Thank you Mr. Baldwin, thank you Mr. Naezer.

My name is Judith Neyer, representing *FERN*, the EU Forest Campaign: FERN acts as co-ordinator of the *European ECA Reform Campaign* and I have been asked to make a few introductory remarks today.

In preparation for today's consultation I went through some old notes from the previous meeting between the Council Working Group and NGOs in June 2003. I saw that all participants had expressed the hope that, in future, these exchanges of views and ideas would happen on a regular basis. Two years have passed since then and I believe it is high time we picked up the dialogue where we left it in 2003.

What has happened since then? The Common Approaches have been adopted and will be subject to review at the OECD's Export Credit Group next year. Albeit not yet fully implemented by all members, this is a small step in the direction of more responsible export credit finance – **a lot more still needs to be done and a lot more can be done.**

In the meantime 30 odd private banks have signed on to the Equator Principles, which although voluntary, commit these banks (and roughly 75% of the world's project finance) to clear standards. These banks are now also demanding, from the International Finance Corporation, greater clarity in the review of its performance standards. HSBC and, to some extent, ABN Amro have committed to following the recommendations of the World Commission on Dams. Last September, eight banks put out a report on the issue of financing and human rights. We read this as evidence for a clear appetite within the private sector for more clarity and for a move beyond the benchmarking approach. This clarity is yet lacking from the Common Approaches. We believe that this changing context needs to be taken into account, if ECAs are not to be left behind the field.

ECAs are operating with public funds on the governments' behalf. Mandatory standards in the environmental, social and human rights field should be a given – regardless of where in the world the investment is being done. In the year 2005, export promotion at the expense of environmental and social justice in developing countries is no longer a supportable mission. In a number of areas concrete opportunities and obligations for European ECAs to improve their practices and procedures have already materialised or are coming up at EU-level in the next weeks and months. It is in everybody's interest – including ECAs – that you will not let these opportunities go unused. We are concerned that if you do, ECAs will finance ever more risky projects and ultimately face more reputational risks because of double standards being applied to different projects.

We will today present you our ideas of how these opportunities should be used in **four key areas**. We also consider these areas particularly important within the context of the Member States now positioning themselves for the review of the Common Approaches in 2006.

As regards our first point of debate, the issue of **transparency**, a new legal and political framework is emerging. In recent years increased transparency and public participation have been widely acknowledged to improve the quality of decision-making related to the environment. At

European Union level new binding obligations require ECAs to share information on the environmental impacts of their operations with the public. Regine Richter from *urgewald* in Germany will give you an assessment on how these new legal obligations have (or have not) changed the disclosure practices of European ECAs.

Our second agenda point deals with the issue of export credits and **human rights**. We note a discrepancy between the (legal) commitments made by the European Community aimed at promoting human rights in third countries and furthering coherence between the EU's internal and external approaches on the one hand and the performance of European ECAs on the other. All EU Member States have signed up to the European Convention on Human Rights, yet no national ECA has developed safeguards to ensure their significant global economic leverage will contribute to democratisation and the respect of human rights. On the contrary, often ECAs considerable influence undermines rather than supports the respect for human rights worldwide. Fraser Reilly-King from *The Halifax Initiative* in Canada and leader of the *ECA-Watch* working group on human rights will explain to you why it is vital for European ECAs to integrate human rights considerations into their financing decisions and, more importantly perhaps, how it can be done.

Our third agenda point concerns European ECAs' practices in combating **bribery**. As Dr. Susan Hawley from the UK campaign organisation *The Corner House*, will tell you, the year 2005 brings many opportunities for ECAs to make real improvements in combating bribery in export credits, the revision of the OECD action statement on bribery being one of them. Ms Hawley will underline the most important anti-corruption measures and make recommendations towards the Member States and towards the Community.

Dr. Ute Collier from *WWF* will speak on our last agenda point for this afternoon: **Which safeguards for large dams?** In April, the Participants to the 'OECD Arrangement' decided to provide preferential financing terms for export credits for renewable energy and water projects. In spite of their well documented massive negative impacts, large hydropower projects have been included in this new subsidy scheme. Before the initiative enters into force for large dams, however, governments will consider whether there is a need for new and additional environmental and social guidelines hydropower projects benefiting from this initiative. We understand that some of you will discuss this issue in Paris tomorrow and in the following months with a view to submitting a proposal to the 'Participants' in November. Dr. Ute Collier is the head of the *WWF* Global Freshwater Initiative and will give you her expert advice on how to avoid the negative effects of large dams.

I look forward to an informative meeting and thank you for your attention.

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