



June 12, 2009

Participants to the Arrangement on Officially Supported Export Credits
C/O Ms. Janet West
Head of Division
OECD Export Credit Secretariat
Paris, France

To the Participants,

We write concerning negotiations on enhanced financing through the Sector Understanding on Export Credits, Renewable Energies and Water Projects, and the Sector Understanding on Export Credits for Nuclear Power Plant at the meeting of the Participants to the Arrangement on Officially Supported Export Credits during the week of June 15, 2009. We urge the Participants to the Arrangement to call a "time-out" in the renegotiations of the Sector Understanding on Renewable Energies, pending full transparency and robust public participation in discussions over the appropriateness and adequacy of enhanced terms, and by extending the existing enhanced terms for six months. Meanwhile, we wish to reconfirm our continued opposition to preferable financing terms for nuclear power and large hydropower projects.

We are deeply disappointed to see the Participants to the Arrangement are on the cusp of potential renegotiation of these two Sector Understandings and yet there has been absolutely no public disclosure of proposals nor solicitation of public input from NGOs and civil society on the appropriateness or adequacy of any proposals. We are also quite concerned that there has been virtually no formal consultation by any participating export credit agency with civil society in any of their respective countries.^[1] Meanwhile, we are aware that industry groups have been consulted in some countries.

The abject lack of public disclosure and solicitation of public input in these matters undermines the public credibility of the Participants to the Arrangement, and reflects poorly on the Export Credit Group and the OECD as a whole.

We also understand that many Participants to the Arrangement have had insufficient time to respond to proposals from other members, suggesting that a hurried renegotiation of these Sector Understandings will result in terribly flawed agreements.

We support the 11 June, 2009 letter by twelve NGOs which opposes the extension of favorable financial terms for nuclear power plants, as it unjustly heaps additional public financial benefits to an already heavily subsidized sector that is extremely dangerous, financially unsound, and a false solution to climate change.

We reiterate concerns stated in the 27 May, 2005 ECA-Watch letter which opposes preferential terms for large hydroelectric dam projects because of their harmful and often irreversible social and environmental (including greenhouse gas emission) impacts, along with the fact that these projects are ultimately not renewable. Ironically, the subsequent Sector Understanding on Export Credits, Renewable Energies and Water Projects resulted in preferential terms being extended to environmentally and socially disastrous projects, such as the Illisu dam in Turkey. Large hydropower projects are incongruous with the environmental purpose of this Sector Understanding and must be excluded.

We believe that enhanced financial terms for renewable energy could be crafted to increase support for this important sector in ways that combats climate change, generates sustainable jobs, benefits exporting and host countries, communities and the local environment, and prevents odious debt. However, in the absence of the public disclosure of proposals from Participants to the Arrangement, we are not in a position to support the pending renegotiations.

Consequently, we urge the Participants to the Arrangement to end the provision of enhanced financial terms for the nuclear power sector through the Sector Understanding on Nuclear Power Plant, to exclude large hydro projects from the Sector Understanding on Renewable Energies, and to call a "time-out" in the renegotiation of the remainder of this Sector Understanding though the extension of existing enhanced terms for a six month period.

Sincerely,

Antonio Tricarico
Eyes on SACE/CBRM
Italy

Christine Eberlein
Berne Declaration
Switzerland

Doug Norlen
Pacific Environment
United States

Eri Watanabe
Friends of the Earth
Japan

Heike Drillisch
CounterCurrent
Germany

Hideyuki Ban
Citizens' Nuclear Information
Center
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Johan Frijns
Coordinator
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Karyn Keenan
Hallifax Initiative Coalition
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Peter Bosshard
International Rivers
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Michael Mariotte
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Les Amis de la Terre
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Nick Hildyard
The Cornerhouse
United Kingdom

Thomas Wenidoppler
ECA Watch Austria
Austria

CC: Angel Gurría, OECD Secretary-General

[1] With the exception of The Netherlands, where the Ministry of Finance in a meeting with NGOs last month made an announcement of these issues being discussed in the upcoming ECG meeting in June. At the same occasion it was admitted that the Dutch ECA never supported projects eligible under the said sector understandings.