

Paris, 20 April 2007

## **Revised OECD export credit standards are an empty basket for environment and development NGOs**

On Monday and Tuesday April 23-24, 2007, the OECD's secretive Export Credit Working Group (ECG) appears set to approve revised and weakened environmental and social standards governing projects supported by export credit guarantees or loans of greater than 10 million SDRs (US\$15.3 million or €11.2 million).

Article 13 of the virtually final negotiating draft of these standards, known as the Recommendation on Common Approaches on Environment and Officially Supported Export Credits, allows OECD export credit agencies (ECAs) to opt out of applying any standards at all, provided that they report this to the notoriously secretive and effectively unaccountable OECD working group.

Three OECD ECAs from Germany, Austria and Switzerland have just done precisely this. They have opted out of the application of meaningful international standards to the Ilisu dam project in Turkey, which has no Environmental Impact Assessment (EIA) which meets accepted international standards, for which baseline data is essentially non-existent, where World Bank Safeguard Policies have not been met and where reliable sources indicate that Turkey has not yet consulted with other Tigris riverain nations, contrary to international law.

This derogation of standards makes it clear that OECD ECAs do not consider the Recommendation on Common Approaches an important safeguard of the public interest, but rather as an unnecessary and expendable obstacle to their clients' private commercial interests.

"The shopping basket of optional standards that OECD ECAs debated for the past 17 months are effectively meaningless, since a gaping hole in the basket allows export credit agencies to do nothing at the check-out counter", says Bob Thomson, Paris based Facilitator of the ECA Watch network.

Sixteen environment and development NGOs from Europe, North America and Japan have written to the OECD stating that this final draft fails to meet the objectives of the OECD as outlined in the preamble to the Recommendation, i.e. to promote coherence, good environmental practice and a level playing field, as well as to develop common procedures and enhance efficiency.

The message that this sends to non-member economies from the OECD is clear - environmental standards are not an OECD priority, and deviation from even minimal standards brings no fear of sanctions or even reproach from other OECD members. This is the wrong message at a time when large infrastructure projects threaten not only locally affected communities, but also the environmental and

social health of the entire planet.

We believe that a truly transparent and thorough peer review process, which safeguards public interests and encourages public accountability, must be coupled with mandatory standards which permit international norms to be upheld in all material respects. If the OECD is to retain any credibility whatsoever as a forum for setting environmental and social standards for the US\$125 billion per annum budgets of OECD export credit agencies, this would be the minimum outcome of the revisions scheduled for approval next week.

For further information, please contact:

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ECA Watch members signing the letter to the OECD's Export Credit Working Group include:

The Corner House, UK  
Environmental Defense, USA  
World Resources Institute, USA  
Both Ends, Netherlands  
FERN, UK  
Pacific Environment, USA  
urgewald, Germany  
WEED, Germany  
Finnish NGO Campaign to Reform the ECAs  
Observatorio de la Deuda en la Globalización, Spain  
The Halifax Initiative, Canada  
Friends of the Earth Japan  
Proyecto Gato, Belgium  
Campagna per la Riforma della Banca Mondiale, Italy  
Projecto Eca-Iberia / Euronatura, Portugal  
Eca-Watch Austria