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‘DIRTY’ PROJECTS MUST STOP, SAYS ECA-REFORM COALITION

As the OECD Environmental Policy Committee¹ meets today (25.11.02), a coalition of NGOs has challenged member governments to support the call for a major overhaul of Europe’s much-criticised Export Credit Agencies (ECAs).

Export Credit and Investment Insurance Agencies (ECAs) are public or publicly-supported agencies that provide financial backing to private corporations seeking to invest in projects that are considered too risky – politically or financially – for conventional financing. But most Europe-based ECAs have no standard binding environmental or social rules that ensure the projects they support do not cause damage in the recipient countries.

“The Environmental Committee can’t leave this important issue to the Trade Directorate that lacks expertise and commitment in the field”, says Emilie Thenard co-ordinator of the European ECA Reform campaign.²

The campaign coalition has issued a list of 17 demands³ for ECA reform. The coalition calls on ECAs to:

- adopt one set of binding, environmental, social, human rights and economic development rules and standards;
- require and publish an analysis of the impact of projects on debt and debt-repayment;
- only support projects where affected communities are properly consulted, and consent to the project;
- reform transparency practices and publish all documentation assessing the environmental and social impact of projects;
- support sustainable energy production instead of fossil fuels and nuclear energy.

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Although Export Credit Agencies could be used to support ethical companies and beneficial projects, they have become notorious for backing environmentally-destructive projects such as logging operations and dams. Examples include:

- the APP and APRIL pulp and paper mills in Indonesia, contributing to massive forest loss, illegal logging and extinction of orangutans;
- the Ilisu dam in Turkey and the Three Gorges Dam in China that have caused or are about to cause the forced eviction of millions of people;
- the Camisea pipeline in Peru, or the Baku-Ceyhan one in Turkey, Georgia and Azerbaijan that are leading to human rights abuses;
- companies that dump out-dated nuclear power plants and technologies for Cernavoda in Romania that cannot be sold in Western Europe;
- the Lesotho Highlands Water Project that is riddled with corruption.

“All over Europe, people are becoming concerned about the impacts of these ECAs,” says Emilie Thenard, co-ordinator of the European ECA Reform campaign. *“The OECD needs to become more active and stop these kinds of dirty projects. If they cannot take responsibility to push for concrete ECA reform, pressure from outside will rise.”*

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Editors Notes:

1. The Environment Policy Committee of the OECD (Organization for Economic Cooperation and Development) is consulting with NGOs and meeting on Tuesday and Wednesday to decide how to achieve reforms for Export Credit Agencies. The Committee is responsible for promoting, in support of sustainable development, the integration of environmental, economic and social policies, and assess the environmental performance of Member countries in relation to their national and international commitments.
2. The European ECA Reform Campaign brings together a coalition of organisations including Both Ends (The Netherlands), The Cornerhouse (UK), ECA Watch (Austria), Euronatura (Portugal), FERN (EU), Finnish ECA Reform Campaign, International Federation for Human Rights, Les Amis de la Terre (France), Reform the World Bank Campaign (Italy), Swedish Society for the Conservation of Nature, Urgewald (Germany) and

WEED (Germany). The Campaign is co-ordinated by Emilie Thenard of FERN, the EU forest campaign, at 20 Avenue des Celtes, 1040 Bruxelles, Belgium. Email: emilie@fern.org

3. The complete list of demands is available at www.fern.org, or contact Emilie Thenard +32 2 735 2500.