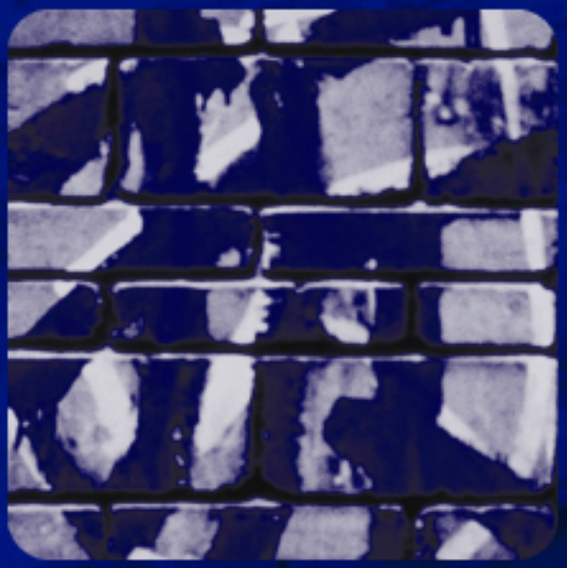

Unusual Suspects:

Unearthing the Shadowy World of Export Credit Agencies

Citizens worldwide are increasingly aware of global institutions—like the World Trade Organization and the World Bank—and their impacts on development, the environment and human rights. But few realize that government-backed bodies known as export credit agencies may have even greater impacts.

Unusual Suspects

Unearthing the Shadowy World of Export Credit Agencies

Written and edited by

Doug Norlen, Rory Cox, Miho Kim, and Catriona Glazebrook, with contributions from members of ECA Watch.

PACIFIC ENVIRONMENT

ECA WATCH
INTERNATIONAL NGO CAMPAIGN ON EXPORT CREDIT AGENCIES

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Introduction: What are ECAs?

Export Credit Agencies and Investment Insurance Agencies, commonly known as ECAs, are public agencies that provide government-backed loans and insurance to private corporations from their home country to do business abroad, particularly in the financially and politically risky developing world. Most industrialized nations have at least one ECA, which is usually an official or quasi-official branch of their government.

ECAs are collectively the largest sources of public financial support for foreign corporate investment in industrial projects in the developing world. It is estimated that ECAs support about twice the amount of oil, gas and mining projects as do all Multilateral Development Banks such as the World Bank Group combined. Half of all new greenhouse gas-emitting industrial projects in developing countries have some form of ECA support. ECAs often back such projects even though the World Bank Group and other multilateral banks find them too risky and potentially harmful to support. Most of these projects come nowhere close to meeting internationally recognized labor standards.

What are the impacts of ECAs?

ECAs are some of the biggest sources of public financing for projects with harmful environmental and social impacts in the developing world. ECAs account for between US$50 - $70 billion annually in support for large industrial and infrastructure projects in these countries. ECAs finance greenhouse gas-emitting power plants, large scale dams, mining projects, road development in pristine tropical forests, oil pipelines, chemical and industrial facilities, and forestry and plantation schemes, to name a few. As detailed in the case studies in this report, many of these projects displace communities and destroy livelihoods, leaving affected people with little or no recourse.

Because most of these projects are highly risky due to their environmental, political, social and cultural impacts, most would not come to life without the support and financial backing of ECAs. Hence, ECAs are strategic development linchpins that play an enormous part in the harmful impacts of corporate globalization.

Undercutting progress, violating laws

While the World Bank Group and most bilateral aid agencies have minimum social, labor and environmental guidelines, most ECAs have few or no such standards in place. Hence, countries that accept and promote environmental and social policies through their aid agencies and their membership in the World Bank Group are able to circumvent or disregard these same policies when supporting projects through their ECAs. The lack of environmental and social policies, and associated professional staff to oversee their policies, also results in ECA projects that violate environmental, human rights and other treaties and agreements that these ECAs' host governments have ratified.

Fueling a race to the bottom

ECAs help corporations within their own country expand into the developing world, and as a result they compete intensely with ECAs from other countries that do the same. They are quick to back projects that other ECAs and multilateral development banks will refuse on environmental and social grounds. This creates a "race to the bottom" that encourages ECA support of projects with weak or no project environmental or social safeguards.

One of the best examples of this is the Three Gorges Dam in China. This project will displace 1.8 million people, flood millions of hectares of prime farmland, and has been fraught with billions of dollars in cost overruns and corruption. In 1996, German, Swiss and Canadian ECAs raced with one another to help finance this project, even though the World Bank and US Export Import Bank had refused to support it on environmental grounds. Now a growing internal opposition in China is calling for a scaling down and even a halt to the gigantic dam. Due to the policies of the Chinese government, many of those who have protested against Three Gorges face potential repression.

photo by Ben Sandler

The Three Gorges Dam project. The shanties in the foreground house the construction laborers..

No transparency and contempt for affected communities

Another characteristic of ECAs is an often-complete lack of public disclosure of the impacts of their projects. Most ECAs are not required to conduct publicly released environmental impact assessments. Nor do they consult with affected communities and civil society in the development of their projects. This lack of public discourse is antagonistic to democratic principles and highly suspect since ECAs back projects that affect people's health, environment, and their local economy.

Most ECAs do not disclose the name, nature or location for the projects they back even after the project is well underway or completed. In so doing, ECAs place the desires of private corporations and their own economic gain above the rights of citizens to protect their lives, jobs, and environment. This obviously contradicts the principles of democracy and transparency to which their parent governments aspire.

Corruption

Some ECAs have played a role in spreading corruption within the developing countries where they are investing. According to the NGO Transparency International, bribing foreign officials from developing countries in order to secure overseas contracts for exports has become a widespread practice, particularly in the defense and public works sectors. It has been reported that many of these contracts have been backed by ECAs, and that the value of bribes has been treated as a cost and included in the contract value covered by ECA guarantees. ECAs have only begun to undertake steps to curb these practices.

Crushing debt

ECAs account for the single biggest component of developing country debt. In recent years they accounted for some 24% of total debt and 56% of debt owed to official agencies. ECA financing often pushes countries to create debt to pay back loans for projects that are inconsistent with the goals of sustainable development. Thus, to the extent that excessive or inappropriate developing country debt loads shackles the sustainable development process in these countries, ECAs are in large part responsible.

Arms transfers and global conflict

ECAs are frequently involved in supporting the export of arms and military equipment to war-torn countries. For example, UK-made Hawk fighter jets and US-made Black Hawk helicopters are exported to Indonesia, Columbia and other countries known for their violent repression. These sales are facilitated by ECAs. Once these deadly weapons are out of the control of the exporters' hands and into the control of the government, these arms can be used to intimidate and kill innocent people. This not only creates human rights nightmares, but increases the likelihood of conflict, and the risk of war.

"We are farmers. Our land is our livelihood. If you flood it, what will we live on?"

52- year-old Nie Guangqing, who grows cucumbers on her farm in Xiufeng Village, about 180km upstream from the Three Gorges Dam.

Taipei Times, November 22, 2001

Moreover, ECA-backed arms transfers are bad investments for developing countries from the start because they are "non-productive expenditures" that do nothing to produce a profitable return that can contribute to debt repayment. Hence, in addition to fostering human rights abuses, these arms transfers create a vicious cycle that can weaken a country's economic health, and in turn fuel more conflict.

Increasing risks they were designed to protect against

The ECAs' "race to the bottom" does more than harm the environment and citizens' basic human rights; it also results in project standards that are so low or non-existent that they exacerbate the very political risks against which ECAs were designed to protect. For example, the Antamina Mine in Peru is insured by the Canadian ECA, Export Development Corporation. The mine has experienced civil disturbances such as organized picketing, blockades and strikes that target the project due to its destruction of local peoples' fishing areas and livelihoods.

Another example: ECAs backed the sale of military aircraft and other defense related items to Indonesia without adequate controls over their use, contributing to that country's military and political instability. As a 22 September 1999 Financial Times editorial pointed out, violence in East Timor and economic disaster in Indonesia is in part an offspring of ECA support. ECA backing of projects that exacerbate the very risks they were designed to protect against can be compared to an influenza medicine that ends up spreading the virus it was intended to treat.

Assuming no responsibility

When ECAs' lack of adequate safeguards and due diligence leads to project failures and heightened risks, it is often other branches of their respective governments that must respond. For example, countries' foreign ministries and militaries may be called in to help quell uprisings due in part from local opposition to ECA-backed projects. Countries' federal treasuries may cover financial losses stemming from claims by failed ECA project sponsors. Political and financial costs of project failures that fall on others than the ECA and their corporate clients demonstrate a moral hazard that encourages ECAs' harmful activities to continue, and serves as a disincentive to promote better standards.

Stuck in their ways

Despite a growing global movement calling for reform, ECAs continue to resist change. The OECD Export Credit Group (ECG), the body where ECAs periodically gather to discuss common issues, typically resists meetings with representatives of affected communities. Likewise, the members of the ECG pay little respect to the findings of other OECD bodies.

This was explicitly spelled out in a memo from an OECD task force that said, "There was widespread concern …

photo by Susanne Breitkopf

Large hydro-electric construction financed by ECAs have had harmful effects on local econmies that depend on small industries like fishing for their livelihoods.

photo by Ben Sandler

Signs of the times upstream from the Three Gorges Dam project: The red flag above the man's head is turned upside down to indicate that "luck has come." The paint on the right hand side is an evacuation order, as this village will soon be underwater.

regarding the general lack of environmental guidelines applied to the development activities of the (export) credit agencies. Virtually every member cited examples where the lack of appropriate environmental planning of projects funded by such organizations had caused significant ecological and social problems. They were of the opinion that the environmental damage resulting from such ventures far outweighed the damage caused from lack of coherence among bilateral donors."[1]

ECAs have also managed to antagonize other government officials and agencies, including those sympathetic of the process of corporate globalization. European Union Trade Secretary, Pascal Lamy, said, "I too am frustrated with the ECAs' lack of progress in adopting common environmental policies. Every time any of them move forward a millimeter, they stop to see if anybody else moved." ECAs even resist the Presidents and Prime Ministers of the countries they represent. For example, since 1996 the G-8 has issued three separate mandates for ECA environmental policy reform, and all have gone unfulfilled.

Photo by S. Toot, Phillipine Daily Inquirer

Because of construction of the San Roque dam in the Philippines (see page 11), thousands of people are being relocated from fertile lands to boxy settlements with little land for farming, like this. According to one displaced resident, a 39-year old mother of three, "Before we moved here, we were far better off. Even though we had smaller houses, we had sources of livelihood. We could eat, grow vegetables, do gold panning. Here we need money to survive but we have no source of income. Life here is difficult."

[1] OECD Development Assistance Task Force Report: *Coherence in Environmental Assessment Practical Guidance on Environmental Assessment for Development Co-operation Projects*, May 1996.

Photo by Miho Kim

The hats these ECA Watch activists are wearing symbolize the Roman god Mercury, also known as Hermes, who was a messenger of the Gods. Hermes is also the name of a German ECA, and in March, 2002 these activists delivered a message to Hermes' front door in Berlin demanding reform and public participation.

Isolating themselves

ECAs insist that they should not have to adopt the same kinds of minimal environmental and social policies that other mature international organizations have long accepted as common practice. ECAs argue that their unique mission makes them different from other international finance institutions like the World Bank Group, different from aid agencies, and different from domestic agencies in their own countries. In distancing themselves from virtually every other kind of public agency in the world, ECAs isolate themselves, alienate others, and present a clearer target for citizens and government officials that are concerned about the negative impacts of corporate globalization.

In resisting these concerns, ECAs seem to be repeating the ill-fated pattern set by the failed and now infamous OECD Multilateral Agreement on Investment (MAI) in the late 1990s. In the case of the MAI, which would have also reduced local communities' abilities to protect their environment and human rights, a very similar pattern of agency secrecy and contempt of civil society led to worldwide opposition and the eventual collapse of this proposed international agreement.

Reason for hope

Despite the slow progress among ECAs in accepting the need to reform, there are hopeful signs on the horizon for change. For example, significant progress in ECA environmental policy reforms has occurred in Australia and the US in recent years, and there is the distinct possibility that other leading ECAs may follow suit. The UK's ECGD, for example, has recently released a non-binding set of business principles that extends beyond the environment to encompass sustainable development and human rights concerns. In Canada, research and investigations by its Parliament and the Department of Foreign Affairs may result in reforms of the Export Development Corporation. In Japan, new environmental policies are now being established. NGO engagement of ECAs on specific projects has resulted in some of these projects being shelved and others significantly improved.

Still, there remains strong resistance to change by ECAs in most leading countries, and, where change has occurred, close monitoring to ensure implementation is required.

The NGO Campaign

Since 1996, NGOs from many countries have joined forces in an international campaign to reform ECAs (see www.eca-watch.org). The goals and demands of the campaign are best described in the Jakarta Declaration for Reform of Official Export Credit and Investment Insurance Agencies, endorsed by over 300 NGOs following a May 2000 international ECA reform strategy session in Jakarta, Indonesia (see page 8). While focusing on the impacts of ECAs in Indonesia, the Jakarta Declaration has a global "call for reform" that includes:

- Transparency, public access to information and consultation by ECAs and the OECD ECA Working Group.
- Binding common environmental and social guidelines and standards that are no lower and less rigorous as those of the World Bank Group and OECD Development Assistance Committee.
- The adoption of explicit human rights criteria guiding the operations of ECAs.
- The adoption of binding criteria and guidelines to end ECA abetting of corruption.
- The adoption of a commitment only to finance economically productive investments.
- The adoption of comprehensive relief for developing countries from ECA debt.

Sources ***climate figures***

- World Resources Institute → www.wri.org
- FOE International → www.foe.org/international

Sources ***oil, mining & gas figures***

- FOE International → www.foe.org/international
- Center for International Environmental Law → www.ciel.org
- ECA Watch → www.eca-watch.org

Adding Fuel to a Fire: ECAs and Climate Change

While the world grapples with the growing impacts of climate change, Export Credit Agencies are exacerbating the problem by promoting projects that dramatically increase fossil fuel emissions. The vast amount of support for fossil fuel-emitting projects provided by ECAs presents a stark case of policy hypocrisy: While many nations' governments are pushing for greenhouse gas reductions through agreements like the Kyoto Protocol, their ECAs are in full support of projects that increase fossil fuel burning.

According to the World Resources Institute, between 1994 and early 1999 ECAs from Europe, Japan, Canada, and the United States supported $103 billion in exports and projects for oil and gas development, fossil-fueled power, aircraft sales, and energy-intensive manufacturing such as chemicals, pulp and paper, and iron and steel.

The world's seven leading industrialized counties (The US, Canada, France, Germany, Italy, Japan, and the UK) provide most of the ECAs' energy-intensive financing, while the biggest recipient countries of these projects are Brazil, China, India, Indonesia and Mexico. Although most ECAs do not disclose information on their support of energy-intensive projects, Pacific Environment estimates that ECAs now provide nearly twice as much financing for oil and gas projects as all multilateral finance institutions (like the World Bank Group) combined.

Meanwhile, many ECA-backed fossil fuel projects are associated with human rights violations and degradation of ecosystems. This is particularly true of oil and gas drilling and pipeline projects that are often located in or around sensitive environments and indigenous communities. Too often, these projects are closely linked with repressive regimes in war-torn regions in parts of Central Asia, Africa, and Latin America.

Friends of the Earth International and many other NGOs worldwide are calling for the phasing out of ECA and other public financing for fossil fuel plants. This includes a moratorium on projects in areas of high conservation value, critical armed unrest, territories of indigenous peoples and nations, and culturally and environmentally vulnerable areas. Many NGOs such as the Sustainable Energy and Economy Network are calling for the removal of institutional obstacles and the creation of renewable energy-friendly policies to help ECAs shift their energy-intensive project portfolios away from fossil fuels.

There is some sign of hope that ECAs may be changing their climate change policies. A recent G-8 Renewable Energy Task Force, co-chaired by Sir Mark Moody-Stuart of the oil giant Royal Dutch Shell, called for the development of a common ECA methodology for reporting global and local environmental impacts, and minimum standards of energy-efficiency or carbon-intensity for ECA-backed projects. This is a step in the right direction, but clearly far more must be done.

Photo © Shirley/Greenpeace

A village in the Juba River Basin of Somalia is left flooded after torrential rains. Scientists have linked a dramatic rise in flooding worldwide to climate change.

For more information contact:

- World Resources Institute → www.wri.org
- FOE International → www.foei.org/international
- Sustainable Energy and Economy Network → www.seen.org

Photo by Ed Matthew, Friends of the Earth - England

Path of Debt and Destruction: A pristine rainforest has been turned into a plantation by Asian Pulp and Paper.

Asia Pulp and Paper: Clear-cutting Out of Bankruptcy

The deposed Suharto regime of Indonesia was notorious for it's corruption, cronyism, and profiteering. Many of the ill-gotten gains of Suharto and his cohorts were made possible through ECA-supported projects. The pulp giant Asia Pulp and Paper is but one example of how ECA financing not only fuelled environmental and human rights abuses, but also aided in propping up a poorly-run company that is now in financial ruin.

Indonesia's natural forests, which are among the world's most vast, were mostly wild until the 1970s, and provided a home and livelihood to the many indigenous peoples. When Suharto came to power, he began doling out logging concessions in these regions to his closest friends. One of these friends, Eka Tjipta Widjaja, founded APP with these concessions, which allowed massive plywood, sawn-timber and pulp operations, according to Wall Street Asia. These operations were expanded through massive debt financing, leading to an ever-increasing production and associated demand for raw materials.

Massive international investment and backing soon followed from over 300 financial institutions, among them the ECAs Exportkreditnamnden (Sweden), the Finish Guarantee Board, Spain's CESCE, Denmark's Exportkreditfondeon, Canada's Export Development Corporation, Germany's Hermes, and U.S. Export-Import Bank, as well as many more private banks, according to a report by Environmental Defense.

With this debt-driven investment, APP built itself into one of the biggest paper companies in the world, contributing hugely to a national industry in Indonesia that grew from 606,000 metric tons of production in 1988 to 4.9 million metric tons in 1999. APP accounts for about 40% of this national total, according to a report from Friends of the Earth.

Much of the rapid growth of APP came from felling large areas of rainforest. As they cleared forests they moved on to new forestland rather than replant denuded areas. As a result, in 1999 only 13.4% of its fiber was coming from second-growth plantations, while the rest was coming from continually clearing out pristine rainforest.

APP's Indah Kiat mill is one of the world's biggest pulp operations. Operating in the same region that the indigenous Sakai people call home, Indah Kiat has seized and clear-cut over 3,000 hectares of the forest surrounding the mill, and in the process destroyed the forest the Sakai needed for their subsistence needs. An investigation into the mill by the Indonesian NGO WALHI found that Indah Kiat was heavily polluting the river that ran through the area, leaving dead fish bobbing near where the factory dumps its waste. The investigators also recorded complaints by villagers of skin rashes appearing after bathing in and drinking from the river.

These conditions have fueled poverty and social conflict in the area. There were serious clashes between pulp-mill workers and the local Sakai people living around the Indah Kiat plant in February, 2001. The clashes left five people injured, and 52 people were arrested. It is believed that the clashes resulted from an attack on the villagers following their blockade of the road that goes through their village to the plant. Similar conflicts have occurred with APP and indigenous peoples on the island of Borneo.

2001 saw the financial downfall of APP. The faltering Asian economies, a drop in the worldwide price for pulp, and the failure of APP to replant the areas that they cut all took their toll. The very banks that sung the praises of APP in the early- to mid-90s were filing writs against APP, demanding repayment of their investment. The New York Stock Exchange delisted APP in July.

Years of postponed investment in reforestation and dire debt led APP to cut its way into more frontier forests to repay its debts. The case of APP story demonstrates how ECAs are not only blind to environmental concerns, but also to economic ones.

For more information on APP & other Indonesian forest issues

- WALHI → www.walhi.or.id
- Environmental Defense → www.environmentaldefense.org
- Bioforum → euron@indo.net.id

Excerpted from the Jakarta Declaration: Call for Reform

MAY, 2000

We, the undersigned NGOs, call upon OECD governments, ministers and national legislatures to undertake with due dispatch the following reform measures for their ECAs:

1. Transparency, public access to information and consultation with civil society and affected people in both OECD and recipient countries at three levels: in the assessment of ongoing and future investments and projects supported by individual ECAs; in the preparation within national ECAs of new procedures and standards; and in the negotiation within the OECD and other fora of common approaches and guidelines.

2. Binding common environmental and social guidelines and standards no lower and less rigorous than existing international procedures and standards for public international finance such as those of the World Bank Group and OECD Development Assistance Committee. These guidelines and standards need to be coherent with other ongoing international social and environmental commitments and treaties, for example, the conventions of the International Labor Organization and the United Nations Convention on Biological Diversity. In addition ECAs must conduct full, transparent accounting for climate change impacts and move to increase investments in sustainable renewable energy. So far, some governments have established, or are establishing, environmental and social policies which substantially deviate from, and are below these internationally recognized standards and guidelines.

3. The adoption of explicit human rights criteria guiding the operations of ECAs. This should be done in consultation with affected people and civil society, and based on existing regional and international human rights conventions. In Indonesia and elsewhere ECAs have not only supported arms exports directly linked to egregious human rights abuses, their support for mining, paper and pulp mills and other major infrastructure investments often has been accompanied by destruction of indigenous and local peoples' rights to land and livelihood resources, armed suppression of dissent, and suppression of press freedom to criticize such abuses.

4. The adoption of binding criteria and guidelines to end ECAs' abetting of corruption. According to Transparency International, the continued lack of action by ECAs to address this issue is bringing some ECA practices "close to complicity with a criminal offense." We endorse the recommendations of Transparency International submitted to the OECD and European Union in September 1999, on how ECAs should avoid continued complicity in corruption. These include, inter alia, recommendations that export credit applicants must state in writing that no illegal payments related to a contract were made, and that any contravention of the ban on illegal payment should entail cancellation of the state's obligation to pay. Companies found guilty of corruption should be banned from further support for five years, and export credit agencies should not underwrite commissions as part of the contracts they support.

5. ECAs must cease financing non-productive investments. The massive ECA support for military purchases and white elephant projects, such as nuclear power plants, that would be rejected by OECD bilateral aid agencies and multilateral development agencies such as the World Bank must end.

6. The cancellation of ECA debt for the poorest countries, much of which has been incurred for economically unproductive purposes. We support the call of the Indonesian anti-debt coalition for the cancellation of Indonesian ECA obligations, now placing an insupportable burden on the Indonesian people.

CONCLUSION

We call upon concerned citizens and organizations around the world to turn their attention to ECAs and their negotiating forum, the OECD, and to press their governments to undertake reform without further delay.

Undersigned Non-governmental Organizations and Individuals, As of 28 January 2002:

AUSTRALIA
Action for World Development NSW Inc.
AID/WATCH
Australian Council for Overseas Aid
Bougainville Freedom Movement
Campaign Against Corporate
Tyranny in Unity and Solidarity (CACTUS)
Community Aid Abroad (Oxfam Australia)
Economic Reform Australia
Friends of the Earth Australia
Information for Action
Jubilee 2000 Australia
Mineral Policy Institute
Native Forest Network/Southern Hemisphere
People for Nuclear Disarmament
Public Interest Advocacy Centre
Rainforest Information Centre
TEAR Australia (Christian Action with the World's Poor)
The Bathurst Justice Group
The LEAD Group Inc.
Wordwit International (Australia and China)
World Vision Australia (WVA)
AUSTRIA
Erlaßjahr 2000 Österreich
NATURFREUNDE INTERNATIONALE
BANGLADESH
Like-Minded Environmental Activists Group (LMEAG)

BELGIUM
Eurodad
Fern
International NGO Forum on Indonesian Development(INFID)
BOLIVIA
Plan de Desarrollo Indigena (PDI)
BRAZIL
Conselho Indigenista Missionario (Espiritu Santo)
Ecoa
Movimento dos Atingidos por Barragens-Brasil (MAB)
Rios Vivos Coalition (America Latina/Europa/USA)
CAMEROON
Partnership, Management And Support Programme
CANADA
Alternatives
Canadian Auto Workers
Canadian Council for International Cooperation
Canadian Friends of Burma
Canadian Labour Congress
Canadian Lawyers Association for International Human Rights
Democracy Watch
East Timor Alert Network
Falls Brook Centre
Halifax Initiative
MiningWatch Canada
Project Ploughshares
RESULTS Canada
Social Justice Committee of Montreal
Society Promoting Environmental Conservation
Steelworkers Humanity Fund
Sweet Land Collective
West Coast Environmental Law Association
COSTA RICA
Asociación Latinoamericana de Organizaciones de Promoción (NGO association with 45 members in 20 countries)
FoE International's Campaign on the Environmental and Social Impacts of Mining
DENMARK
Danish Association for International Co-operation
FINLAND
Coalition for Environment and Development
Finnish Asiatic Society
Finnish Association for Nature Conservation
Finnish Energy Political Association/Alternative to Nuclear Power
Finnish Nature League/Forest Group
FRANCE
Agir ici pour un monde solidaire
Amis de la Terre
Attac France
Fédération Artisans du Monde
France-Libertés Fondation Danielle Mitterrand
Helio International
Info Birmanie
L'Observatoire des Transferts d'Armements
Reseau d'information sur le Tiers Monde (RITIMO)
Reseau Jeunes Solidaires
Survie
GABON
Les Amis du Pangolin
GEORGIA
Sakartvelos Mtsvaneta Mozraoba/Friends of the Earth Georgia
GERMANY
Aktionszentrum 3. Welt e.V.
Berliner Landesarbeitsgemeinschaft Umwelt und Entwicklung (Blue 21)
EarthLink/The People & Nature Network
Ecoropa Europe
Euronatur
Forum Umwelt & Entwicklung
Imbas
Institute of Interdisciplinary Study and Research (IFSF)
Naturschutzbund Deutschland (NABU) e.V.
Rettet den Regenwald e.V.
Society for Threatened Peoples
Umwelt-AG der Anne-Frank-Gesamtschule
Urgewald
Weltwirtschaft, Oekologie & Entwicklung e.V. (WEED)
GUATAMALA
Maya Pedal (Guatamala and Canada)
Tropico Verde
HONDURAS
Comité para la Defensa y Desarrollo de la Flora y Fauna del Golfo de Fonseca (CODDEFFAGOLF)
NDIA
Adivasi Mahila Manch/Indigenous Women's Platform
Bindrai Institute for Research Study & Action
Environment Support Group
Jharkhandis Organisation Against Radiation (JOAR)
Jharkhandis Organisation for Human Rights (JOHAR)
Kalpavriksh
North and North East Mines Minerals & People
South Asia Network on Dams, Rivers and People
INDONESIA
Aliansi Masyarakat Adat Kalbar
Aliansi Masyarakat Adat Nusantara
Aliansi Perempuan Adat Nusantara
Bioforum
BP-Konsorsium Pembaruan Agraria
DebtWATCH Indonesia
Elsam
FOKER LSM PAPUA (Forum Kerjasama LSM Papua)
FPMP-Sulsel
Gabungan Anak Seni Sriwijaya
Gita Pertiwi
ICEL
Indonesian Prosperity Trade Union
Institute Dayakology
Institute of Development and Economic Analysis (IDEA)
Jagat-NTT
JARI Indonesia
Jaringan Kerja Masyarakat Adat
Jaringan Organisasi Independen untuk Penguatan Rakyat(JOIPaRa)
Jatam
Konsorsium Pendukung Sistem Hutan Kemasyarakatan
KSKP Lahat
KSPPM
LBH Palembang Indonesia
Lembaga Advokasi Rakyat
Lembaga Bela Benua Talino
Lembaga Gemawan
Lembaga Konsumen Hijau
Lembaga Olah Hidup
Lembaga Pemetaan Aset Produksi Rakyat
Lembaga Pendukung dan Pemberdayaan Sosial Ekonomi Petani Karet
Leskap
LORIES
NADI
National Development Fund
NGO'S CAFÉ
NRM
Oman Women's Committee
Palembang Legal Aid Institution
PERBBUNI
Persatuan Perempuan Sama/The Women's Union For Equality
PIAR/NTT
Pijar Indonesia
PLASMA
PPSDAK/Yayasan pancur Kasih
Pusat Informasi dan Komunikasi Perempuan (PIKP)
Puti Jaji
RMI - Institute for Forest and Environment
Sahabat Persada Alam
Sarekat Nelayan Sumatra Utara
SEN/LPIST
Serikat Demokrasi Sosial
Solidamor
Solidaritas Perempuan
Telapak
Urban Poor Consortium
Wadah Pengembangan Alternatif Pesisir (WPAP)
Walda
Walhi Aceh
Walhi Jawa Barat
Walhi Jawa Timur
Walhi Kalimantan Tengah
Walhi Sulawesi Selatan
Walhi Sulawesi Tengah
Walhi Sulawesi Utara
Walhi Sultra
Walhi Sumatera Selatan
Walhi Sumatra Utara
WALHI/National Secretariat
WWF Sahul
Yappika
Yascita
Yasinta
Yayasan Asri
Yayasan Bantaya
Yayasan Bina Potensi Desa
Yayasan Gemi Nastiti
Yayasan HAPSARI Perbaungan
Yayasan IMPALM
Yayasan KAPPALA Indonesia
Yayasan Kelola Menado
Yayasan Lembaga Bantuan Hukum Indonesia
Yayasan Pelangi Indonesia
Yayasan pengembangan Masyarakat Desa (Papua)
Yayasan Peran
Yayasan tahanjungan Tarung Palangkaraya
YLK-Sulsel
YPBB
ISRAEL
GreenAction for Social Ecological Change
Israeli Association for Earthday Events
ITALY
Amici della Terra
Associazione Nuova Solidarieta/Bottega del Mondo di Finale Ligure
Campagna per la Riforma della Banca Mondiale
Centro Internazionale Crocevia
Circolo di San Salvo del Partito della Rifondazione Comunista
COCIS
Coordinamento Lombardo Nord/Sud del Mondo
GEVAM/ONLUS
Operatore nella cooperazione Internazionale
Partito della Rifondazione Comunista (PRC)
Rete Italiana botcottaggio NestleRete Romana sul Consumo Critico
Riforma mondiale della SACE
Service Civil International/Branca Italiana
Un Ponte per...
Xaverian Missionaries (Italy and many other countries)
Fausto Bertinotti (Dep. and Member of the European Parliament) PRC
Ugo Boghetta (Dep.), PRC
Franco Bonato (Dep.) PRC
Luca Cangemi (Dep.) PRC
Aurelio Crippa (Sen.) PRC Fausto Co' (Sen.) PRC
Walter De Cesaris (Dep.) PRC
Giuseppe Di Lello Finuoli, Member of European Parliament PRC
Franco Giordano (Dep.) PRC
Maria Lenti (Dep.) PRC
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JAPAN
A SEED Japan
Campaign for Future of Filipino Children (CFFC)
Friends of the Earth Japan
Green Energy "Law" Network
Japan Center for a Sustainable Environment and Society (JACSES)
Japan NGO Network on Indonesia
Japan Tropical Action Network (JATAN)
Mekong Watch
People's Forum 2001
Society for Creation of Future of Yoshino River
KENYA
Forest Action Network
Relief and Environmental Care Africa (RECA)
KYRGYZSTAN
Bureau on Human Rights and Rule of Law
MALAYASIA
Centre for Orang Asli Concerns (COAC).
Partners of Community Organisations (PACOS).
MEXICO
Grupo Mesófilo A.C.
Red Mexicana de Accion frente al Libre Comercio (RMALC)
Trasparencia, S.C.
NETHERLANDS
Both ENDS
Campagne tegen Wapenhandel
Corporate Europe Observatory
Friends of the Earth International
Greenpeace International
Komitee Indonesia
The Northern Alliance for Sustainability
The Transnational InstituteWorld Information Service on Energy (WISE)
NEW ZEALAND
The Pacific Institute of Resource Management
NIGERIA
African Network for Environmental and Economic Justice
Ecowas Network on Debt and Development (ECONDAD)
The Flood and Erosion Victims Association(FEVA)
NORWAY
FIVAS, Association for International Water and Forest Studies
Forum for Environment and Development
Regnskogsfondet/Rainforest Foundation Norway
PAKISTAN
Pakistan Network of Rivers, Dams, and People
PAPUA NEW GUINEA
NGO Environmental Watch Group
PHILIPPINES
Cordillera Peoples Alliance
Nuclear Free Philippines Coalition
RUSSIA
Agency for Public Ecological Reviews
Altai State University Ecoclub
Angara-Yenisei Rescue Association
ASMO-Press Association of Young Journalists of Tomsk Region
Baltic Resource and Information Center
Bayangol Ethno-Ecological Center
Bureau for Public Regional Campaigning
Buryat Regional Union for Baikal
Ecodefense! International
Fund for 21st Century Altai
Green Light Environmental Center
ISAR-Siberia
Kamchatka League of Endependent Experts
Krasnoyarsk Regional Public Fund for Forest Protection
Magadan Center for the Environment
Public Ecological Center "Dauria"
Public Ecological Charitable Fund "Baikal"
Republic of Sakha (Yakutia) Center for Ecological Education
Republic of Sakha (Yakutia) Public Ecological Center
Republic Public Environmental Fund "Baikal"
Sakhalin Environment Watch
Siberian Association for NTFP Use
Siberian Environmental Center
Socio-Ecological Union/Antinuclear Campaign
St. Petersburg Society of Naturalists
Taiga Rangers
Taiga Research and Protection Agency
Tele-radio Company "Katun"
Tomsk Ecological Student Inspection
Toyeon Ecological Center
Transbaikal Center for Biodiversity Conservation
World Information Service on Energy Russia
SLOVAKIA
Center for Environmental Public Advocacy/Friends of the Earth Slovakia
SOUTH AFRICA
Alternative Information & Development Centre (AIDC)
Timberwatch Coalition
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Aktion Finanzplatz Schweiz
Arbeitskreis Tourismus & Entwicklung
Basel Mission
Berne Declaration
Bruecke-Cecotret/Development Agency of Swiss Confederation of
Christian Trade Unions
Caritas Switzerland
Green Party Switzerland
Honduras Group Switzerland
Netzwerk für sozial verantwortliche Wirtschaft NSW/RSE
Solifonds
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Swiss Energy Foundation
Swiss Labour Assistance
Swissaid
TAIWAN
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THAILAND
EarthRights International
Mangrove Action Project
Northern Development Foundation
Towards Ecological Recovery & Regional Alliance (TERRA)
Yadfon Association
UGANDA
Uganda Debt Network
UNITED KINGDOM
Campaign Against Arms Trade
Centre For Alternative Technology (Wales)
Christian Aid
Down to Earth
Fern/WRM Northern Office
Forest Peoples Programme
Forests Monitor
Friends of the Earth (England, Wales and Northern Ireland)
GLOBE UK All Party Parliamentary Group
Green Party of England & Wales
Ilisu Dam Campaign
Indonesian Human Rights Campaign (TAPOL)
Jubilee 2000UK
Kurdish Human Rights Project
Minewatch
Partizans (People Against Rio Tinto and Subsidiaires)
Rights and Accountability in Development (University of Oxford)
The Corner House
Wales Green Party/Plaid Werdd Cymru
World Development Movement
Jean Lambert MEP, Green Party Member of the European Parliament (London Region)
UNITED STATES
50 Years Is Enough: U.S. Network for Global Economic Justice
Amazon Watch
Center for International Environmental Law
Environmental Defense
First Peoples Worldwide
Friends of the Earth
Global Response
Institute for Policy Studies
International Primate Protection League
International Rivers Network
Leavenworth Audubon Adopt-a-Forest
Mangrove Action Project
Native Forest Council
Natural Resources Defense Council
Oxfam America
Pacific Environment
Preamble Center
Project Underground
Rainforest Action Network
Rainforest Foundation USA
Rainforest Relief
Rockefeller Brothers Fund
Worldview, Ltd.
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URUGUAY
Instituto del Tercer Mundo
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African Forum and Network on Debt and Development

Ok Tedi Mine: Killing Livelihoods, Squashing Dissent

The mining industry has a track record of being one of the most environmentally destructive, as well as being one of the most obstinate. Mining companies from the world's wealthy countries have struck deals with some of the world's most brutal and corrupt regimes to have access to minerals. And many of the most damaging mining projects in the developing world are backed with the full support of ECAs.

A case in point is the Ok Tedi Copper and Gold Mine project in Papua New Guinea. This project was supported by Australia's Export Finance and Insurance Corporation (EFIC), which provided a $243.8 million line of credit for Australian goods and services. Japan's Jexim, and the U.S.' Ex-Im Bank provided additional support. The project is run by Ok Tedi Mining Limited (OTML), a consortium led by the Australian company Broken Hill Properties (BHP).

The mine, leased by the PNG government in 1981, is located near the Ok Tedi and Fly Rivers in the Star Mountains of Papua New Guinea, and is the third largest open-cut copper mine in the world. This remote region is home to several thousand indigenous people who depend on clean water and healthy wildlife to maintain their subsistence economy.

OTML, however, has created an ecological dead zone, dumping 80,000 tons of waste rock tailings containing lead, cadmium, zinc, and copper into the rivers on a daily basis. The PNG government originally required the mine to maintain a dam to hold back these tailings; however, a 1984 landslide destroyed the dam, and BHP never rebuilt it.

According to the Australian Conservation Foundation, nearly 70 kilometers of the Ok Tedi River has become "almost biologically dead," and 130 kilometers of river bank have been "severely degraded." Fish stocks have declined between 50 and 80%, according to OTML's own internal report. Some 30,000 downstream landowners have lost their ability to live off their own land.

Attempts in the mid-1990s by villagers from over 30 clans to gain compensation for their losses were met with harassment by OTML. After villagers filed a lawsuit, OTML drafted and advocated for national legislation that would have levied fines of up to $75,000 against anyone who sues the company, or legally challenges the constitutional validity of the proposed law.

Ultimately, a compensation package was passed by a regional legislature, allowing for a settlement that worked out to only $12 per year for each person over the course of the mine's remaining 15 years. Subsequently, an act was passed making it illegal for PNG landowners to take future legal actions if they are affected by other resource projects in the country.

In 2000 the World Bank recommended that the Ok Tedi Mine be closed. Yet, the Papua New Guinea legislature is considering legislation that NGO critics say will provide unrestricted legal indemnity to BHP for the negative impacts of the mine's pollution that have and will occur as the result of the ongoing operations of Ok Tedi. Relations between BHP and the affected communities broke down in 2001 to the point where a community blockade shut the mine down, costing the company over $1 million.

There is currently question over whether the mine will continue to operate, and if so who will be in charge of it. However, according to the Mineral Policy Institute, even if it were to shut down today, it will take at least 60 years for the region to recover.

Photo by Simon Divacha/Mineral Policy Institute

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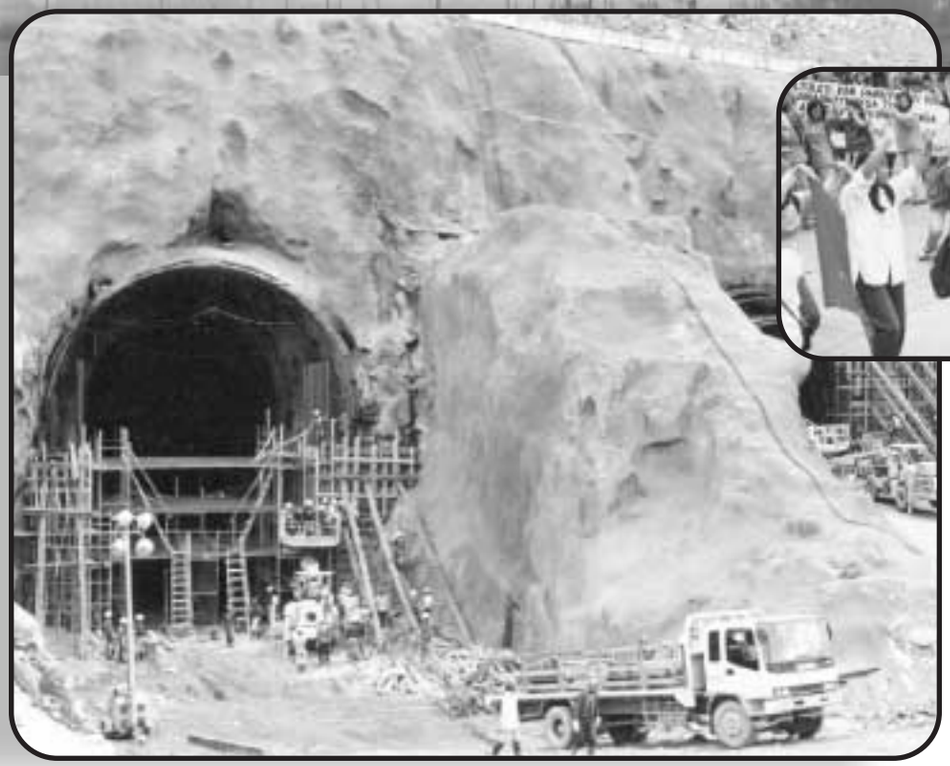

Photo by S.Toot, Philippine Daily Inquirer

Villagers around the San Roque Dam have been vocal in their opposition.

Killing Rivers and Flooding Communities: ECAs and Dams

With the recently released report of the World Commission on Dams, it is increasingly accepted world-wide that many large hydro-electric projects have caused more damage to communities and eco-systems than the benefits they provide. Dams stop the flow of rivers, cause siltation, interrupt the migration of fish, and sometimes flood entire communities. After decades of support for large dam projects, even The World Bank Group is taking a somewhat more cautious approach with dams, declining support for controversial projects like the Three Gorges Dam in China and the Ilisu Dam in Turkey.

ECAs, however, are still doggedly pursuing big hydro-electric projects, and in the process they're flooding communities all around the world. Foreign contracters, who reap huge windfalls by building dams in developing countries, could never do so to such an extent without the assistance of ECAs.

There are many cases worldwide of dams moving forward with little if any community input, but plenty of support with public money. A classic case of this is the San Roque Dam Project in the Philippines. Located in the Cordillera Region, this project, which is backed by the Japan Bank for International Cooperation, is in the heart of the indigenous Ibaloi ancestral land. Now partially completed, the dam will stop the flow of the Agno River, considered sacred to the Ibaloi people.

Local opposition to the dam has been overwhelming, as it will displace tens of thousands of people. Already 700 peasant families have been forced onto settlements of small concrete houses where they have no land to grow food or graze animals. JBIC's own policy states that resettled people must have a guaranteed means of livelihood. However, the relocated people have to this day received no land to sustain themselves. And this is only the beginning, as 20,000 families who live upstream from the dam will also have their way of life disrupted when the river they depend on fills with sediment, and the river backs up.

People affected by the San Roque Dam have been effectively shut out of the planning process. Villagers say they were coerced into signing documents agreeing to resettlement, and many could not understand the English language these documents were written in.

In September 2000, the local municipality withdrew its endorsement for the San Roque project. Because of this, it now lacks the consent of the affected communities that is required by Philippines law for the project to continue.

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Photos courtesy of Kurdish Human Rights Project

Because of an international campaign to stop the Ilisu Dam and its funding, the 10,000 year old town of Hasankeyf will be spared from drowning in the dam's floodwaters.

ECA Watch Members Stop a Flood in its Tracks

Widely recognized as one of the most controversial large dam projects in the world, the proposed Ilisu dam in southeastern Turkey was to have displaced 78,000 people, mostly ethnic Kurds, leading to economic and cultural hardship, while flooding the 10,000-year old city of Hasankeyf. It would have also potentially reduced the flow of water to downstream Syria and Iraq, exacerbating already-existing tensions between the countries. But, in a major victory for the ECA Watch campaign, the international construction giant, Balfour Beatty, pulled out of the project in November, 2001. The project sought backing from ECAs from the U.S., the U.K., Germany, Italy, Switzerland and Portugal.

Balfour Beatty and participating ECAs faced stiff opposition from civil society when a coalition of environmentalists, human rights and Kurdish rights activists banded together to stop the 135-meter high dam. This coalition went on fact-finding missions to the dam site, and under the watchful eye of the Turkish security forces, surveyed the area and interviewed locally affected people, government officials and experts. Activists in the UK bought shares in Balfour Beatty, showed up to their general meeting in London, and caused a big enough commotion to temporarily shut the meeting down. The project also took a protracted beating in the international press.

Due to public pressure, the ECAs considering the project established four conditions for their support of the project: There had to be an adequate resettlement plan, an adequate protection of archeological sites, consideration of water flow to Syria and Iraq, and water treatment for upstream populations. None of these conditions were met by the project. This represented the first time that ECAs ever considered applying common minimal environmental conditions on a project.

In November 2001, Balfour Beatty pulled out of the project, citing the prospect of "no early resolution" to the many environmental and human rights issues the project would cause. This was a watershed victory both in the reform of ECA policies, as well as in a broad coalition of activists banding together to halt the project.

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- Eyes on SACE → www.crbm.org
- Kurdish Juman Rights Project → www.khrp.org
- Weed → www.weedbonn.org

What you can do!

1. Learn more about the issues and ECA Watch.

Join ECA-Action, an action-alert mailing list which features critical updates and announcements from ECA Watch members around the world. To subscribe, go to the ECA Watch website at www.eca-watch.org, and enter your email address!

2. Frequent the ECA Watch website for the latest updates.

3. Find an ECA Watch participating organization near you.

Find the current list of participating organizations at www.eca-watch.org, or contact us at info@eca-watch.org.

4. Endorse the Jakarta Declaration on ECA Reform.

The text is available in English, Español, Français, på svenska, and Japanese on our website.

5. Last but not least, join ECA Watch!

Find out more at **www.eca-watch.org**.

ECA WATCH

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Protecting the living environment of the Pacific Rim

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Official ECAs of OECD Member Countries

COUNTRY	AGENCY	WEBSITE
Australia	Export Finance and Insurance Corporation (EFIC)	www.efic.gov.au
Austria	Oesterreichische Kontrollbank AG (OeKB)	www.oekb.at
Belgium	Office National du Ducroire/Nationale Delcrederedienst (ONDO)	www.ducroire.be
Canada	Export Development Corporation (EDC)	www.edc.ca
Czech Republic	Export Guarantees Development Corporation (EGAP)	www.egap.cz
	Czech Export bank (CEB)	www.ceb.cz
Denmark	Eksport Kredit Fonden (EKF)	www.ekf.dk
Finland	Finnvera Oyj	www.finnvera.fi
	FIDE Ltd.	www.fide.fi
France	Compagnie française d'Assurance pour le commerce extérieur (COFACE)	www.coface.fr
	Direction des Relations Economiques Extérieures (Ministère de l'Economie) (DREE)	www.dree.org
Germany	Hermes Kreditversicherungs-AG (HERMES)	www.hermes-kredit.com
	Deutschlands Grosse Forderbank	www.kfw.de
Greece	Export Credit Insurance Organization (ECIO)	www.oaep.gr
Hungary	Magyar Exporthitel Biztositó Rt. (MEHIB)	www.mehib.hu
Italy	Sezione Speciale per l'Assicurazione del Credito all'Esportazione (SACE) h	www.isace.it
Japan	Export-Import Insurance Department (EID/MITI)	http://eid.miti.go.jp
	Japan Bank for International Cooperation (JBIC)	www.jbic.go.jp
Korea	Korea Export Insurance Corporation (KEIC)	www.keic.or.kr
	The Export-Import Bank of Korea	www.koreaexim.go.kr
Mexico	Banco National de Comercio Exterior, SNC (Bancomext)	www.bancomext.gob.mx
Netherlands	Nederlandsche Credietverzekering Maatschappij NV (NCM)	www.ncmgroup.com
Norway	The Norwegian Guarantee Institute for Export Credits (GIEK)	www.giek.no
Poland	Korporacja Ubezpieczén Kredytów (KUKE)	www.kuke.com.pl
Portugal	Companhia de Seguro de Créditos, SA (COSEC)	www.cosec.pt
Spain	Compañía Española de Seguros de Crédito a la Exportación, S.A.	www.cesce.es
	Compañía Española de Seguros y Reaseguros de Crédito y caucíon, S.A.	www.creditoycaucion.es
	Secretaría de Estado de Comercio (Ministerio de Economía)	www.mcx.es
Sweden	Exportkreditnämnden	www.ekn.se
Switzerland	Export Risk Guarantee	www.swiss-erg.com
United Kingdom	Export Credits Guarantee Department	www.ecgd.gov.uk
United States	Export-Import Bank of the United States	www.exim.gov
	Overseas Private Investment Corporation (OPIC)	www.opic.gov

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