OECD countries announced today in Paris an agreement to strengthen their common approaches for evaluating the environmental impact of infrastructure projects supported by their governments’ export credit agencies with a view to ensuring that these meet established international standards.

The agreement is expected to increase transparency in government export credit agencies’ environmental review processes and so to contribute to a better coherence in public policies in the context of sustainable development and good governance. Its implementation will be reviewed annually.

Government export credit agencies support exports, mainly to emerging economies, by providing loan guarantees, export credit insurance and direct loans. In 2002, the amount of business covered by such support was approximately US $50 billion.

OECD Secretary-General Donald J. Johnston hailed the agreement as an important achievement for the OECD and a significant step for the protection of the environment that will help to foster fair competition between export credit providers.

Birgitta Nygren, a senior official from Sweden’s Ministry for Foreign Affairs who chairs the OECD’s Export Credit Group (ECG), said the agreement will lead all ECG members to apply more robust environmental guidelines when reviewing applications for projects benefitting from official support.

The agreement takes the form of an OECD Recommendation and is the result of a review of the 2001 Common Approaches that have been implemented since the beginning of 2002 by most ECG members on a unilateral and voluntary basis. The review, between September and November 2003, involved consultations between the ECG and representatives of business, labour unions and civil society, as well as of countries that benefit from officially supported export credits.

OECD Recommendations are not legally binding, but practice accords them great moral force as representing the political will of member countries and there is an expectation that member countries will do their utmost to fully implement a Recommendation.

Compared to the 2001 Common Approaches, the latest agreement is enhanced in a number of respects:

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OECD Media Relations
General Inquiries: Tel. (33) 1 45 24 97 00 - Fax. (33) 1 45 24 80 03/94 37 • Research & Documentation: Tel. (33) 1 45 24 80 88/80 89
www.oecd.org/media • E-mail: news.contact@oecd.org

Organisation for Economic Co-operation and Development, 2 rue André-Pascal, 75775 Paris Cedex 16, France • Tel. (33) 1 45 24 82 00 - Fax. (33) 1 45 24 85 00
www.oecd.org
• Projects should, in all cases, comply with the environmental standards of the host country. When the relevant international standards against which the project has been benchmarked are more stringent, these standards would be applied.

• The relevant international standards are those of the World Bank Group and, where applicable from a geographical viewpoint, those of Regional Development Banks. Members may also benchmark against any higher internationally recognised environmental standards, such as those of the European Community.

• With regard to the most sensitive projects, the environmental standards to be applied will be reported and monitored by the ECG, and exceptional deviations below international standards will have to be justified.

• For the most sensitive projects, ECG members will seek to make environmental information, particularly Environmental Impact Assessment Reports, publicly available 30 calendar days before final commitment.

The ECG includes the following OECD countries: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

For further information, journalists are invited to contact Janet West in the OECD’s Trade Directorate (tel. [33] 1 45 24 89 10 or janet.west@oecd.org).

The full text of the Recommendation is available at: http://www.oecd.org/dataoecd/26/33/21684464.pdf