Working Party on Export Credits and Credit Guarantees

GUIDELINES FOR USE IN CONSIDERATION OF REQUESTS FOR OBSERVERSHIP TO THE WORKING PARTY ON EXPORT CREDITS AND CREDIT GUARANTEES

At Annex I of this document are the guidelines adopted on 24 June 2003 by the Working Party on Export Credits and Credit Guarantees (ECG) for considering requests for observer status in the ECG.
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I. Introduction

1. In a letter to Committee Chairpersons dated 23 October 2002 (DJJ/2002.257.sd), the OECD Secretary-General encouraged Committees to develop guidelines for the application of the observership criteria taking into account each Committee’s field of competence. Once in place, these guidelines are to be used explicitly and consistently by each Committee in framing technical opinions for specific requests for observership. A number of subsidiary bodies already have guidelines in place, as outlined in a recent Council document [CCN(2002)7, dated 19 June 2002].

2. One goal for the Secretary-General’s initiative is to improve the Organisation’s decision-making process for observership requests including enhancement of the application of the corresponding Council Resolution [C(96)64/REV2/FINAL, dated 25 September 2000]. That Resolution describes the procedure for requests or proposals for non-Members to participate in official sessions of a subsidiary body as observers or full participants.

II. OECD Council Resolution

3. According to the above-referenced Council Resolution, non-Member requests for observership or full participation, or such proposals initiated within the Organisation, shall be initially considered by the OECD Council on the basis of a Secretariat background paper. The Council may ask for the technical opinion of the subsidiary Body concerned. According to the Resolution, this opinion should indicate:

- Whether the subsidiary body considers in the light of any relevant evidence that the non-Member is a major player in its field of competence.
- Whether and in what ways association of the non-Member with its work would be mutually beneficial.
- The consequences that the non-Member’s participation might have on the current work programme of the subsidiary body concerned, as well as on the Secretariat resources devoted to this body.
- As appropriate, the limits and form of the participation of the non-Member which appear desirable, bearing in mind the variety of possible programmes and approaches, in order to maximise the benefits and reduce any disadvantages.

4. The Resolution further states that the Council shall decide whether to invite a non-Member to participate in official sessions of a subsidiary body, taking into account the technical opinion of the

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1. This Resolution was originally adopted by the Council at its 872nd Session held on 28 and 29 March 1996 [C/M(96)7] and circulated as C(96)64/FINAL. It was revised by the Council at its 880th Session on 27 June 1996 [C/M(96)15]. A second revision incorporating amendments was agreed by the Council at its 984th Session on 27 July 2000 [C/M(2000)19].
subsidiary body concerned. Invitations for observership are made for specific time periods. Prior to the expiration of an invitation, the subsidiary body concerned shall provide to the Council its opinion on whether the invitation should be renewed. The opinion should in particular take into account the quality of a non-Member’s participation. The Council shall decide whether to renew the invitation, taking into account the technical opinion of the subsidiary body concerned.

5. The Resolution indicates that subsidiary bodies should justify their opinions, fully analysing a potential observer’s ability to meet the major player and mutual benefit criteria, quantified as appropriate, and based on their technical judgement. At the same time, the Resolution allows subsidiary bodies to apply the two criteria with flexibility in light of the unique characteristics of each Committee, a view confirmed in a recent Council document [CCN(2002)7, para. 6].

III. Terms of Observer Invitations

6. Item 5 of the Appendix to the Resolution specifies that non-Members may be considered for *ad hoc* or regular observer invitations:

- **Ad-hoc invitations** to attend as observer one or more meetings, or relevant parts of meetings should be considered before a non-Member is invited to become a “regular observer”. Ad hoc observers are expected to contribute to the discussion. A non-Member may be invited as an ad hoc observer for such purposes as preliminary policy exchange or country review, or an exploration of the nature of the country’s expected contribution to the work of the subsidiary body, before either the Organisation or the non-Member is called upon to decide upon a commitment to a standing invitation.

- **“Regular observers”** receive a standing invitation to attend the meetings of a subsidiary body, on the understanding that they will actively participate and fully co-operate in the work of the subsidiary body, including information exchanges. This is subject to the limitations set in the Rules of Procedure, in these guidelines and in the invitation. Standing invitations are generally issued for a period of two years, and subject to renewal. However, the Council reserves the right to suspend an invitation at any time for non-payment of fees due by the non-Member or for any other reason that the Council deems justified.

- A regular observer shall be asked to make an appropriate financial contribution to the expenses of the Organisation.

- In certain cases, acceptance of relevant disciplines may be made a condition for regular observership.”

IV. Guidelines

7. The guidelines adopted on 24 June 2003 by the ECG for considering observer status in the ECG are at Annex I.
ANNEX I

GUIDELINES FOR USE IN CONSIDERATION OF REQUESTS FOR OBSERVERSHIP TO THE ECG

1. Upon the request of the Council to provide its justified technical opinion, the Working Party on Export Credits and Credit Guarantees (the ECG) will consider individual requests for observership on their merit. In determining its opinion, the ECG will apply the Council criteria of “major player” and “mutual benefit” in light of the following considerations whilst recognising that this will not be done in a mechanical or automatic fashion, but rather in the context of individual requests. Additionally, the ECG may decide whether to recommend inviting observers on an ad-hoc basis or on a permanent basis.

2. The assessment of whether an economy satisfies the major player criterion may take into account the Committee’s responses to, inter alia, the following indicative questions:

- Does the applicant have in place a medium- and long-term export credit programme providing officially supported export credits?
- What is the experience and performance that the applicant has demonstrated in export credit business, on the basis of the following quantitative and qualitative illustrative indicators: main characteristics of the export credit programme (objectives, technical features), annual flows of officially supported medium and long-term export credits (minimum figure), sectoral breakdown showing, in particular, exports of capital goods, markets targeted, in comparison with all ECG Members’ as well as on a regional basis among ECG Members?
- Are the export credits programmes of the applicant in competition with those of the ECG Members?
- To what extent is the applicant actively involved in other international export credit forums (e.g. International Union of Credit and Investment Insurers - the Berne Union, the Prague Club - Berne Union/EBRD supported forum)?

3. The assessment of whether an applicant satisfies the mutual benefit criterion may take into account the ECG’s responses to the following indicative questions, among others:

- To what extent is the applicant willing to exchange information with ECG Members on its officially supported export credits?
- For ad-hoc observers: to what extent has the applicant a recognised interest in OECD guidance relating to export credits such as those discussed in the ECG or to what extent is there a specific interest by the ECG on an ad-hoc participation of the applicant?
- For regular observers: to what extent is the applicant willing to apply the relevant guidelines/agreements/undertakings agreed and applied by the ECG Members?

4. In addition, the ECG’s technical opinion as to whether these criteria are met is based on a full examination of the applicant’s current and expected export credit programmes and policies and on the basis of sufficient information provided by the applicant.
5. In considering requests for observership, the ECG shall assess whether participation of the applicant as an observer would have a positive impact on the implementation of its programme of work.

6. In considering requests for observership, the ECG will also actively consider what alternatives to observership might exist as a means of engaging the applicant in constructive dialogue, in particular where negative recommendations may be issued by the ECG in response to an observership application. The ECG could then seek to extend offers of informal or ad hoc co-operation and dialogue (e.g. participation in informal meetings on a regular basis, workshops, and seminars).