Export Credits Work at the OECD: Co-operating on smart rules for fair trade

OECD is the key multilateral negotiating forum where international disciplines on officially supported export credits are agreed implemented and monitored. It enables governments, which are both partners and competitors, to co-operate in developing and implementing various financial and procedural disciplines that establish a level playing field for exporters while eliminating financing subsidies, and facilitates transparency and sharing of official information on export credits policies and practices among export credit agencies (ECAs) and governments.

Governments may fully join or participate in this work without joining the OECD or assuming any non-export credits obligations.

Two working groups complementing each other

OECD export credits work is structured in two Committees: the Working Party on Export Credits and Credit Guarantees (also known as the Export Credit Group or ECG), created in 1963, and the Participants to the Arrangement on Officially Supported Export Credits (the “Participants), created in 1978 with the adoption of the first “Consensus”.

These groups operate in parallel but independently of each other: a country may decide to participate in either the ECG or the Participants (or in both), and shall apply only the export credits disciplines of the group in which it participates.

Working Party on Export Credits and Credit Guarantees (ECG)

The ECG is a formal OECD Body, which operates under the OECD rules and procedures and reports to the OECD Trade Committee: its mandate is broad:

“The Working Party on Export Credits and Credit Guarantees is charged with carrying forward the work of the OECD in this field. In particular, it is responsible for holding regular exchange of views on the policies pursued by the Governments of Member countries, in the field of export credits and credit guarantees [… ] The Working Party shall have full latitude and discretion to pursue its work.”

The ECG works on non-financial (called “good governance”) issues relating to export credits, emphasising the need for coherence between national export credits policies and policies on environmental and social due diligence processes, anti-bribery measures, and sustainable lending policies, as well as on statistical issues relating to transaction reporting. To date, the ECG includes all OECD members except Chile and Iceland. The ECG has one informal sub-group, the ECG Practitioners, which is made up of those experts from ECAs responsible for undertaking the environmental and social due diligence of projects to which ECA-supported exports are destined.

Participants to the Arrangement

The Participants is not a formal OECD Body. However, due to the origin of the Arrangement on Officially Supported Export Credits (the “Arrangement”), which was agreed under the auspices of the OECD, and bearing in mind the large overlap between its membership and the ECG’s, the Participants have chosen to follow the OECD rules and procedures. There are at present nine Participants (Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland and the United States); therefore, most OECD members are also Participants either directly or via the European Union, except Chile, Iceland and Mexico, while Israel and Turkey are Invited Participants.

The Arrangement establishes a series of general or sectoral financial disciplines to be observed when providing official support for export credits, whether through direct financing, insurance, guarantees or interest rate support measures. The text of the Arrangement and its sectoral annexes (called “Sector Understandings”) is regularly reviewed with a view to keeping it in line with Participants’ needs and market developments. The Participants have a number of sub-groups, dealing with technical issues (interest rates, premium rates, etc.), country risk and tied aid consultations, as well as a separate group for the Sector Understanding on Export Credits for Civil Aircraft (ASU) of which Brazil is also a Participant.
The Export Credit Committees and their Working Groups

Flexible co-operation between governments

Both the ECG and the Participants provide flexibility when considering implementation of their disciplines and adherence to these groups. The ECG Terms of Reference provide for such flexibility:

“It [the Working Party on Export Credits and Credit Guarantees] is open to Members and invited non-members [...], which have in existence facilities for financing or guaranteeing export credits that are controlled or assisted, directly or indirectly, by government or para-governmental bodies”.

As a consequence, a government may wish to become an ECG member if (1) it runs an official export credit programme and (2) it has been invited by the ECG. Such an invitation would be considered once the interested government has signalled that it would be prepared to apply the disciplines applied by all ECG members (to date: the Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, the Recommendation on Bribery and Officially Supported Export Credits, and the Guiding Principles on Sustainable Lending).

Under the same principle, a government may wish to become a Participant to either the Arrangement or any of its Sector Understandings if it commits to apply the disciplines of the said agreement. Interested governments have a variety of options when approaching the Participants’ work, such as:

- Observing part of the work carried out by sectoral or expert groups (e.g. aircraft group, risk premium group) in order to familiarise itself with the work and the underpinning disciplines, and/or
- Observing the work of the Participants at their plenary meetings, or
- Taking part in the review of an existing, or the negotiation of a new, Sector Understanding (e.g. aircraft, ships), and eventually
- Becoming a full Participant (including its sectoral Annexes except the ASU) and/or to the 2011 ASU, which is separate from the Arrangement. In this case, the Participant only commits to applying the disciplines of the relevant agreement(s).

The ECG and the Participants meet back-to-back, together with the ASU Participants, in plenary session three times per year at the OECD Conference Centre in Paris; some sub-groups may also meet at the same time, while others, such as the ECG Practitioners and Country Risk Experts Group, meet separately.

The OECD Export Credits Secretariat is pleased to explain and, where appropriate, assist any interested government in understanding the disciplines, and the ECG and Participants’ processes.

More Information

- OECD Export Credits Website [http://oe.cd/export-credits](http://oe.cd/export-credits)
- Contact the Export Credits Secretariat xcred.secretariat@oecd.org
- More from the Trade and Agriculture Directorate [www.oecd.org/trade](http://www.oecd.org/trade)