

Transparency in Export Credit Agencies



Export Credits Guarantee Department



How do Export Credit Agencies work?

How do Export Credit Agencies work?



How do Export Credit Agencies work?



How do Export Credit Agencies work?



How do Export Credit Agencies work?



Size of the market

- In 2009, top 12 export credit agencies backed \$260 billion
- Largest export credit agencies
 1. Canada
 2. China
 3. Germany
 4. France
 5. Belgium
 6. USA
 7. Italy
 8. UK



Is this aid?

- **We think misleading to call any loans aid**
- **ECA loans will tend to have:**
 - **Higher interest rates than official concessional lending**
 - **Lower interest rates than the private sector would provide**
- **They are definitely a large source of official finance**



Transparency: The case of the ECGD



Transparency: The case of the ECGD

Transparency before completion of the deal

- **None, nothing is pro-actively made available, eg, Siberian coal mine**
- **Can find out about some projects from rumour and asking the right question, eg, Sri Lanka bridges**
- **No requirement for ECGD to consult with local or national civil society**



Transparency: The case of the ECGD

Transparency after completion of the deal

- **Most projects listed in annual report. Can be upto a year after deal signed. And not all.**

Transparency: The case of the ECGD

Market/ Exporter/ Investor	Buyer/Airline/ Operating Lessor	Project/Goods and Services	Case Impact ¹	ECGD Max Liability, £s or equivalent
Slovakia				
Rolls-Royce Power Eng'g Ltd	PPC Energy	Gas turbine	Medium	15,285,959
South Africa				
BNP Paribas	N/A	Loan to Mozal Aluminium Smelter ³	-	6,567,953
Deutsche Bank AG	N/A	Loan to Mozal Aluminium Smelter ³	-	7,620,247
Tunisia				
Airbus S.A.S.	Tunisair	Airbus aircraft	-	6,359,563
Turkey				
Airbus S.A.S.	Turkish Airlines Inc	Airbus aircraft	-	181,043,742
Securon (Amersham) Ltd	BMC Sanayi ve Ticaret A.S.	Military harnesses	-	85,000
United Arab Emirates				
Airbus Military S.L.	UAE Armed Forces	Airbus multi-role tanker transport	-	113,399,620

Transparency: The case of the ECGD

Transparency after completion of the deal

- **Most projects listed in annual report. Can be upto a year after deal signed. And not all.**
- **Request for more information usually refused on grounds of commercial confidentiality**
- **ECGD probably reveals more than many export credit agencies**



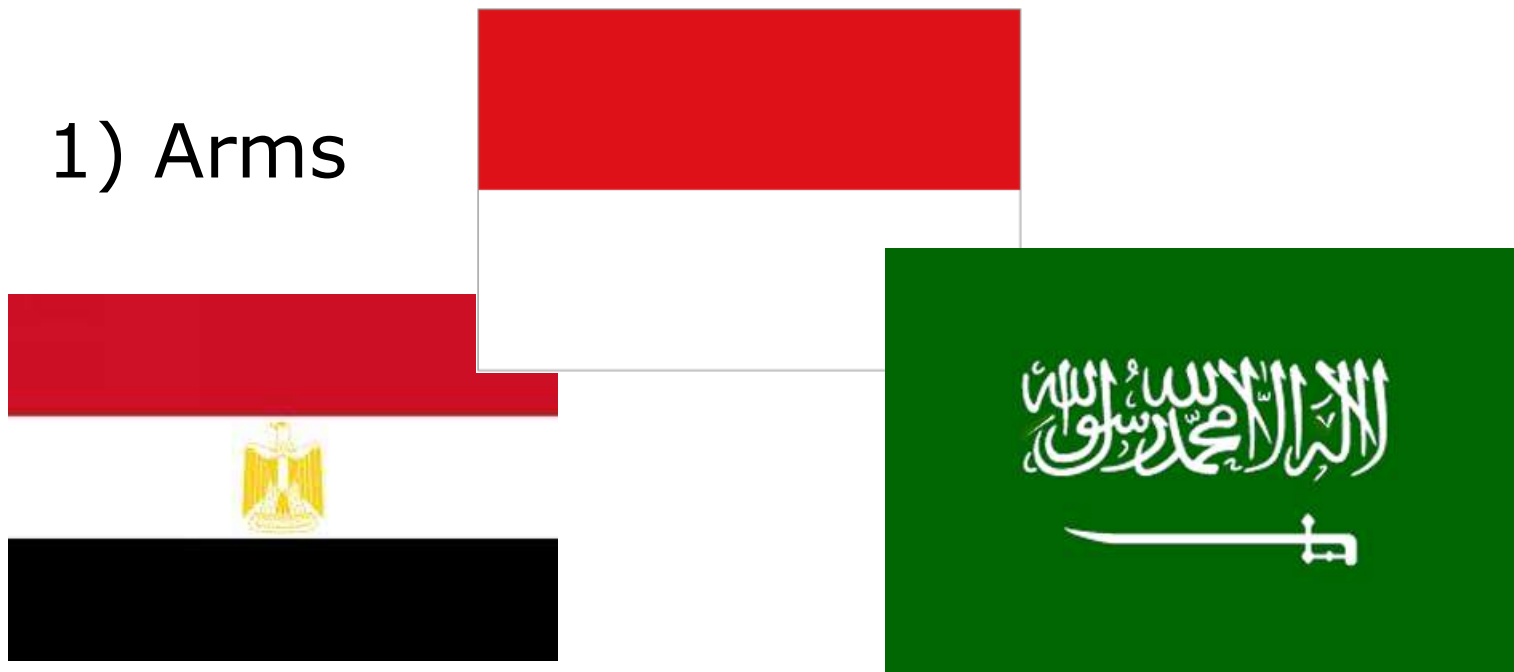
Why does this matter? The kind of loans ECGD gives

- **Focus is on winning deals for British exporters, so no assessment of how useful project is and whether it will create revenue to repay the loan**



Why does this matter? The kind of loans ECGD gives

- 1) Arms



Why does this matter? The kind of loans ECGD gives

- 2) Large infrastructure



Why does this matter? The kind of loans ECGD gives

- 3) Smaller infrastructure



The debt creation agency

- Creating debt is what export credit agencies do
- If repayments not made, debt comes to be owed to ECGD



The debt creation agency




JUBILEE DEBT
CAMPAIGN

Transparency of debts

- No pro-active information on where debt comes from
- When asked standard response is “details of good and services provided are no longer held”

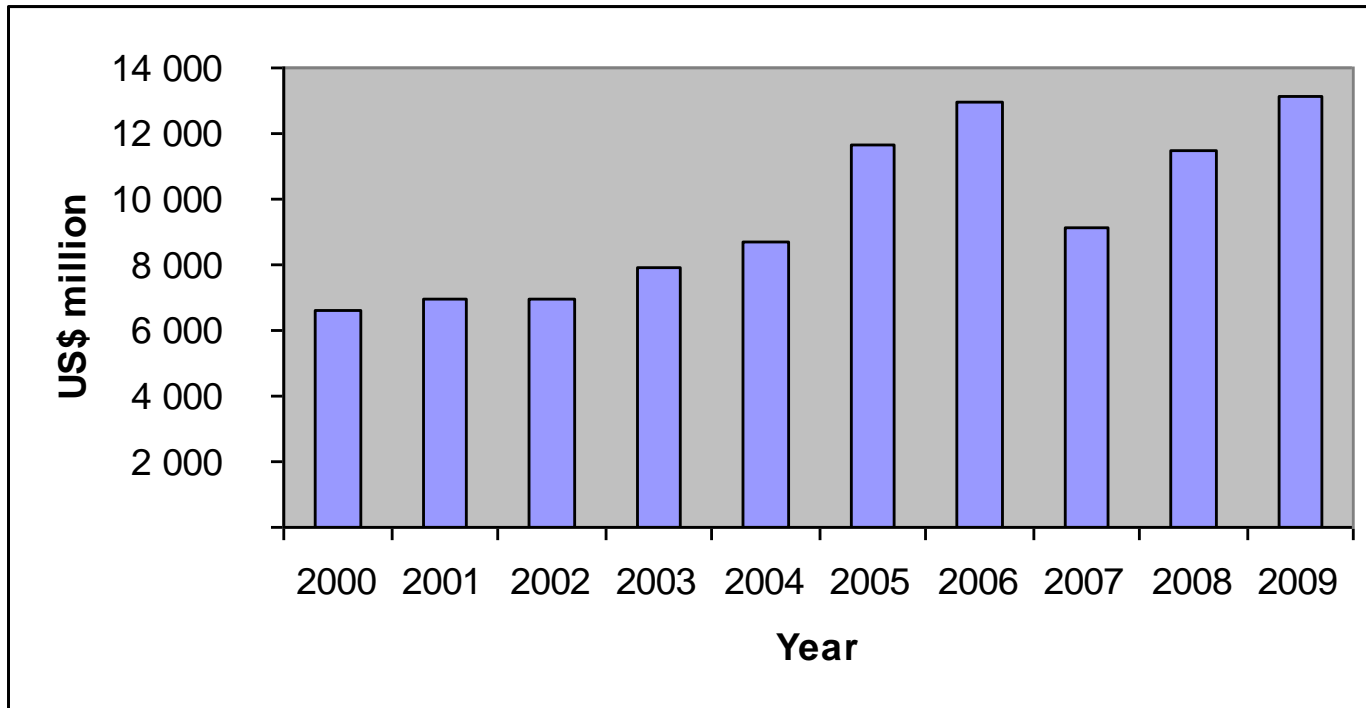


Transparency of debts

- Sudan – both too much and no information
- Egypt – “no details”, but we found some in national archives
- Zimbabwe – don’t know when any repayments were made or how much



When ECA loans become aid



Debt cancellation as aid

The following ECGD debts when cancelled have all counted as aid:

- **Iraq: £954 million in 2005, 2006 and 2009**
- **Nigeria: £2,783 million in 2005 and 2006**
- **Heavily Indebted Poor Countries: £1,400 million over last decade**
- **Mainly the money is just written off. But for HIPC's, £100 million has been transferred from DfID to ECGD**



Future debt as aid?

- **Sudan 'owes' £663 million**
- **Increasing by £20 million a year due to 12 per cent interest rate**
- **Could be written off in 2-4 years**



What we are calling for

- **An audit of all debts owed to ECGD, cancelling those which can't be shown to have been useful loans**
- **Change lending practises so only useful projects supported, not those which harm human rights, the environment or development**



Thank you

Tim Jones

Senior policy and campaigns officer

Jubilee Debt Campaign

www.jubileedebtcampaign.org.uk

Twitter: @drophedebt

tim@jubileedebtcampaign.org.uk

