

Patrick Crawford  
Chief Executive  
Export Credits Guarantee Department  
2 Exchange Towers  
Harbour Exchange Square  
London E14 9GS

Direct Dial: 020 7650 1248

Email: [jbeagent@leighday.co.uk](mailto:jbeagent@leighday.co.uk)

Your Ref:

Our Ref: JB/RS/CH

Date: 8<sup>th</sup> March 2010

**By Fax & Post: 7512 7146**

**URGENT**

Dear Sirs,

**Consultation on Proposed Revisions to ECGD's Business Principles and Ancillary Policies**

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We are instructed by Corner House Research.

We refer to the above consultation which recently closed on 3 March 2010. Our client filed a joint response to the consultation paper together with Amnesty International UK, Campaign Against Arms Trade, Jubilee Debt Campaign, Oxfam GB and WWF UK.

In that response, our client expressed great concern about the failure of ECGD to carry out an impact assessment in respect of the proposed revisions of ECGD's business principles.

We have seen the Minister for Trade and Investment's response to a Parliamentary Question laid by Lord Lester of Herne Hill:

*[HL1363]*

*House of Lords  
18.01.10*

*Lord Lester of Herne Hill: to ask Her Majesty's Government why the current public consultation on proposed revisions to the Export Credits Guarantee Department's Business Principles and ancillary policies does not contain information about the estimated impact of such revisions upon the*

*protection of social and human rights, including protection against the use of child workers and forced labour abroad. [HL1364]*

*The Minister for Trade and Investment (Lord Davies of Abersoch): The Government have included in their public consultation on ECGD's business principles a proposal that ECGD should adopt a policy of following OECD agreements related to the environment, sustainable lending and bribery, and not, in future, separately operate and additionally create policies which go beyond those agreements. The consultation document stated that the effect of this proposal would be that certain exports, being those involving credit terms of less than two years or an UK export value of less than SDR 10 million (circa £10 million) would no longer be subject to environmental and social impact due diligence, including human rights impacts. This would be consistent with the system of protection on such matters that members of the OECD consider appropriate as set out in the relevant international agreement (the OECD recommendation on common approaches on the environment and officially supported export credits).*

*No assessment has been made of the potential impact of such a proposal on the protection of social and human rights, including protection against the exploitative use of child workers and the use of forced labour overseas, because ECGD does not know, and cannot estimate, the level of future demand for support for exports falling into the above category. Without such prior knowledge, ECGD cannot estimate the proportion of those within that category that might have possible environmental and social impacts, including on human rights, or determine the classification between A, B or C impacts and whether such impacts would satisfy international standards as specified in the OECD recommendation on common approaches and, therefore, be eligible in principle for ECGD support.*

However, the fact that the impacts are difficult to quantify does not justify complete abrogation of the ECGD's procedural and ethical responsibilities in this regard. Difficulty is not an excuse for failing to try. As our client points out in its consultation response, an impact which is difficult to quantify might still be extremely large.

In light of the concerns expressed by our client and others, please confirm that you will prepare a proper impact assessment and provide consultees with a brief opportunity to consider and comment upon it before you reach any conclusions on the proposed revisions to your business principles.

In the absence of these steps being taken (and if a decision is taken to revise the Business Principles), we consider that there will have been a serious failure properly to consult and that our client may bring a claim for judicial review.

Given the short-timescales apparently involved in this process, please provide us with a substantive response within 7 days. We look forward to hearing from you.

Yours faithfully,

**Leigh Day & Co**