

**GOAL TWO: With Assistance From Other US Government Agencies, Negotiate International Agreements Designed to “Level the Playing Field” for US Exporters. These Agreements Will Neutralize the Barriers to Competitive Financing Caused by the Lack of Consensus Among ECAs on the Importance of Such Issues As (1) Addressing the Environmental Effects of Foreign Projects and (2) The Appropriate Revisions to the Guidelines on ECA Support for Large Aircraft Transactions**

**Performance Goal 2.1:** In FY2000, work within the US Government to develop a consensus on how to implement the political mandate to develop common environmental guidelines for ECAs.

**Strategies:** Ex-Im Bank, in consultation with US Treasury, will develop a two-track strategy to obtain its ultimate goal of developing environmental guidelines. First, within the OECD, Ex-Im Bank will continue to support and enhance the case specific information exchanges and Export Credit Group Member presentations on the adaptation of their ECA systems to introduce processes that assess the environmental impacts of projects. Ex-Im Bank will also work within the export Credit Group to continue broad framework discussions on common approaches as a means of keeping the momentum towards developing common environmental guidelines for all OECD ECAs alive. Second, Ex-Im Bank will work with other agencies to promote G8 negotiations on developing key principles that should guide OECD work on common environmental guidelines.

**Data Source:** Reports and Communiqués from the Secretariat of the Export Credit Group of the OECD and documentation on the activities of other ECAs to evaluate the environmental effects of projects that they are requested to finance.

**Actual Performance:**

The US Government is seeking an agreement that will codify common environmental guidelines for all ECAs. To implement the political mandate driving this process, the myriad US Government agencies involved in this process must address the many facets of this broad issue in a variety of fora. The US Government is taking a two-track approach—technical and political—to achieving this goal at the OECD and G8 meetings. To ensure that the US Government’s position is consistently presented, the agencies have a consensually developed interagency vetting and discussion process designed to coordinate the flow of information. Besides ensuring the development of a unified US Government message on the environment, this interagency clearance process guarantees that any proposed environmental guidelines would be acceptable for all agencies given the differing inherent limitations of the various agencies involved.

In FY00, Ex-Im Bank, working in conjunction with such other US Government agencies as the State Department, the Treasury Department, the Environmental Protection Agency and USAID, saw progress towards the development of common environmental guidelines for ECAs. The US Government’s goal on this issue is the development of environmental

guidelines interpreted as standards; that is, transparent environmental guidelines whose clarity renders them credible to all the diverse stakeholder groups impacted by environmental disciplines.

Given that the US Government has determined its goals in respect to the environment and has created a consensual interagency process designed to implement this mandate, Ex-Im Bank was able in FY00 to progress to the next step in the process of obtaining an agreement on common environmental guidelines for ECAs: OECD acceptance of the US Government's position. In pursuit of this goal, the US Government submitted in FY00 a proposal to the Organization for Economic Cooperation and Development (OECD) outlining common environmental guidelines for OECD review. OECD members agreed to an aggressive schedule of meetings to discuss the US Government's proposal and the resultant comments from OECD members. An additional proof of the developments on the issue of environmental guidelines in FY00 was reflected in an OECD report or peer review in which a majority of the 28 OECD member countries, including the United Kingdom and Canada, catalogued their environmental initiatives. In past years, the OECD ECAs had not established procedures to review the environmental impacts of any of their transactions. However, the US Government efforts at the OECD have raised the profile of this issue to the point where OECD members' ECAs are now considering environmental impact when processing transactions and reporting on their environmental framework.

Looking forward, Ex-Im Bank will continue to represent the US Government at OECD negotiations on this issue and continue to press for the development of common environmental guidelines. Ex-Im Bank is optimistic that there will be an OECD agreement by the end of calendar year 2001 that will be the first step towards common environmental disciplines.

**Performance Goal 2.2: In FY2000, develop, in consultation with the US aircraft industry, a position on renegotiating the current agreement on the official financing for large aircraft (LASU).**

**Strategies: Ex-Im Bank will consult with other parts of the US government and US aircraft industry with respect to renegotiating the LASU.**

**Data Source: Correspondence from the aircraft industry clearly outlining its preferred position**

**Actual Performance:**

In FY00, Ex-Im Bank consulted with the US large aircraft manufacturing industry to begin developing a position on renegotiating the LASU. In FY00, the U.S. large aircraft manufacturing industry provided Ex-Im Bank with information stating its priorities and goals on this issue. Similarly, during FY00, foreign aircraft manufacturers and foreign export credit agencies also began to consider whether the LASU should be renegotiated. During FY01, Ex-Im Bank expects to continue consultations on this issue with other parts of the US aircraft manufacturing industry and other US Government agencies and will try determine whether there is sufficient support among U.S. and foreign aircraft manufacturers and their respective export credit agencies to attempt to revise the LASU to reflect the changes that have occurred within the aircraft finance industry since the LASU was last negotiated in the mid-1980s.

It is difficult, however, to anticipate what the direction of the LASU negotiations will be in FY 01. There are ongoing discussions at this time between the US Government and the EU concerning a host of aerospace and other trade related topics. The resolution (or standoff) in these discussions will have a determinative bearing on whether opening the LASU for renegotiation would be considered a worthwhile pursuit.