



**COUNCIL OF
THE EUROPEAN UNION**

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CCG 13

COVER NOTE

from:	General Secretariat
to:	Export Credit Group
Subject:	European Parliament resolution of 2 July 2013 on the first annual report from the Commission to the European Parliament on the activities of Member States' Export Credit Agencies (2012(2320(INI))

Delegations will find, for information, in the Annex a resolution adopted by the European Parliament on 2 July 2013 that was discussed under Any Other Business at the meeting of the Export Credit Group on 15 October 2013.

The European Parliament,

- having regard to Regulation (EU) No 1233/2011 of the European Parliament and of the Council of 16 November 2011 on the application of certain guidelines in the field of officially supported export credits and repealing Council Decisions 2001/76/EC and 2001/77/EC⁽¹⁾,
- having regard to the Commission delegated Regulation of 14 March 2013 amending Annex II to Regulation (EU) No 1233/2011 of the European Parliament and of the Council on the application of certain guidelines in the field of officially supported export credits (C(2013)1378),
- having regard to its resolution of 11 December 2012 on financing EU SMEs' trade and investment: facilitated access to credit in support of internationalisation⁽²⁾,
- having regard to its resolution of 27 September 2011 on a new trade policy for Europe under the Europe 2020 Strategy⁽³⁾,
- having regard to its resolution of 6 April 2011 on European international investment policy⁽⁴⁾,
- having regard to its resolution of 25 November 2010 on trade policy in the context of climate change imperatives⁽⁵⁾,
- having regard its resolution of 25 November 2010 on human rights and social and environmental standards in international trade agreements⁽⁶⁾,
- having regard its resolution of 25 November 2010 on corporate social responsibility in international trade agreements⁽⁷⁾,
- having regard to the EU Charter of Fundamental Rights (2010/C 83/02),
- having regard to the Communication of the European Commission and the High Representative for Foreign and Security Policy of 12 December 2011 (**COM(2011)0886**),
- having regard to the Commission's communication of 19 October 2010 entitled 'Strategy for the effective implementation of the Charter of Fundamental Rights' (**COM(2010)0573**),
- having regard to the European Council's statement of 26 June 2012 entitled 'EU Strategic Framework and Action Plan on Human Rights and Democracy' (11855/2012),
- having regard to its Policy Department's briefing paper entitled 'Human Rights Benchmarks for EU's external policy' (EXPO/B/DROI/2011/15),
- having regard to the UN Guiding Principles on Business and Human Rights of 16 June 2011, (HR/PUB/11/04, 2011 United Nations),

- having regard to the Commission's proposal of 16 April 2013 for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups (**COM(2013)0207**),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (**A7-0193/2013**),
- A. whereas export credit programmes of the Member States constitute an important instrument to enhance trade and business opportunities for European companies;
 - B. whereas Regulation (EU) No 1233/2011 of the European Parliament and the Council on the 'Application of certain guidelines in the field of officially supported export credits' specifies annual reporting requirements for the Member States vis-à-vis the Commission and, at the same time, provides for delegating powers to the Commission, achieving the swiftest possible transposition of changes in respective OECD Arrangements into EU law;
 - C. whereas, under Article 207 of the Treaty on the functioning of the European Union (TFEU), 'the common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action';
 - D. whereas the principles guiding how the Union is to organise its relations with the wider world, and the guiding principles of the Union's action on the international scene, are contained in Articles 3 and 21 of the Treaty on the European Union (TEU), which is a binding agreement between the Member States;
 - E. whereas the communication of December 2011 of the Commission and the High Representative for Foreign and Security Policy affirms that 'European businesses should be encouraged to undertake adequate due diligence to ensure that their operations respect human rights, wherever they are performed';
 - F. whereas the 'EU Strategic Framework and Action Plan on Human Rights and Democracy' of the European Council affirms that 'the EU will promote human rights in all areas of its external action without exception';
 - G. whereas the EU Charter of Fundamental Rights is legally binding on the EU institutions and Member States, with the exception of those Member States that have an opt-out when implementing EU law, and whereas the Commission's strategy for the effective implementation of the Charter explicitly acknowledges that the Charter applies to the EU's external action;
 - H. whereas the Union and its Member States welcomed the UN Guiding Principles on Business and Human Rights, Principle 4 of which, on state-business relations, explicitly refers to export credit agencies;

- I. whereas export credit support is often granted to large projects experiencing difficulties in accessing commercial credit resulting from high commercial, political, economic or environmental risks, which export credit agencies (ECAs) need to assess and price accordingly;
- J. whereas on 14 March 2013 the Commission proposed a Delegated Regulation amending Annex II to Regulation (EU) No 1233/2011;
1. Welcomes the Commission's efforts to establish a framework for annual reporting by Member States on their export credit activities in accordance with Regulation (EU) No 1233/2011, in order to step up transparency at EU level; stresses that the key objective of this reporting is to monitor the compliance of Member State's ECAs with the international disciplines applicable to export credits and with EU Treaty obligations;
 2. Acknowledges informal receipt on 14 December 2012 of the Commission's first annual report on the export credit activities of Member States, evaluating the responses of 20 out of 27 Member States maintaining active export credit programmes, as well as receipt of these Member States' reports in the form of annexes; the Commission has since approved these documents for public release in order to fulfil the goal of the basic regulation to increase transparency;
 3. Commends the fact that the Commission report clearly indicates the scale and importance of the Member States' export credit activities during 2011, which amount to a total exposure of more than EUR 250 billion – including 260 transactions with reported high environmental implications – and which translate into significant trade and business opportunities for European companies;
 4. Recognises that the Member States, in their Annual Activity Reports, have made available to the Commission the financial and operational information on export credits requested in the first paragraph of Annex I of Regulation (EU) No 1233/2011;
 5. Underlines the importance – in the context of the scale of Member States' export credit activities – of Recital 4 of Regulation (EU) No 1233/2011, calling for compliance with the Union's general provisions on external action, such as consolidating democracy, respect for human rights and policy coherence for development, and the fight against climate change; recalls, in this sense, the importance of the specific reporting requirements formulated in Annex I of the regulation to ensure that the Commission and Parliament are able to make an assessment of this compliance;
 6. Stresses that the annual reports of the Member States, and the Commission's evaluation of these reports, do not yet satisfy Parliament's intention to be able to make an assessment as to whether the Member States' export credit activities' are in compliance with the Union's foreign policy goals, as enshrined in Articles 3 and 21 TEU, and the treatment of environmental risks in the calculation of ECA premiums;
 7. Welcomes the 'clear general willingness' on the part of the Member States – cited by the Commission in the current annual report – to 'apply policies to their export credit programmes whose objectives are in line with the general language of Articles 3 and 21'; commends the efforts of some Member States, including Germany, Italy, Belgium and the Netherlands, to provide more meaningful reporting on compliance with some of the Union's external action goals;

8. Acknowledges that the Commission needs to be able to assess whether the export credit activities of the Member States are in compliance with the external action goals of the Union, and recommends, therefore, that the test of compliance should be on whether or not officially supported ECAs have policies in place that are effective in ensuring that their activities are in accordance with the foreign policy objectives of the Union;

Benchmarking ECA compliance with the Union's external action goals

9. Shares the Commission's observation in the annual report that 'it is difficult to define a precise benchmark for measuring compliance in EU law'; reiterates that Article 21 provisions remain the key benchmark against which the policies applied to export credit transactions are to be evaluated;
10. Stresses that the Union will only be a trustworthy and strong global actor if the Member States and the European institutions pursue a consistent external policy;
11. Recommends that the Council Working Group on Export Credits and the Commission consult with the European External Action Service (EEAS) on developing a methodology for meaningful reporting on Article 21 compliance, and on the application in the EU of certain OECD guidelines in the field of officially supported export credits, before the next annual report is due; insists that public consultation be part of this process;
12. Considers it of prime importance to call on the Member States to monitor and report on the existence, outcome and effectiveness of due diligence procedures in the screening of projects officially supported by export credits with regard to their potential impact on human rights;
13. Is aware of the fact that ECAs rely on the information provided by their project partners; is convinced that if a structured approach to due diligence procedures is required of ECAs in order for them to be eligible to receive project finance, project partners would appreciate carrying them out themselves, thereby mitigating additional administrative costs for the ECAs;
14. Considers progress in reporting on human rights compliance by ECAs to be a front-runner for better reporting on other European external action goals enshrined in Article 21, such as the eradication of poverty, and on the treatment of environmental risks;

Reporting on treatment of environmental risks in the calculation of ECA premiums

15. Suggests to Member State ECAs to continue to report on their evaluation of environmental risks, and considers such reporting by all OECD and non-OECD ECAs to be essential for ensuring a level playing field;

Reporting on contingent liabilities

16. Notes that Member State ECAs currently report on exposure to contingent liabilities in different modes; asks the Commission to provide for a common definition which reflects the wish of Parliament to be informed about off-balance sheet exposures;

Guidance and evaluation by the Commission

17. Calls on the Commission to provide guidance to the Member States for the next reporting period, inter alia on how to report on the existence and effectiveness of due diligence procedures with regard to their human rights policies, and on how to report on the treatment of environmental risks;
18. Expects the next Annual Report of the Commission to contain a statement on whether it has been able to evaluate Member State compliance with Union objectives and obligations and, if the answer is negative, recommendations on how to improve reporting to this end;

Commission report on outreach to non-OECD countries

19. Applauds the efforts undertaken in 2012 by the Commission, together with the USA, to engage China, Brazil, Russia and other major emerging economies in the setting up of the International Working Group of Major Providers of Export Finance (IWG);
20. Suggests that the relevance of a sectoral approach in developing the IWG be explored in order to build the base for horizontal provisions in a second phase that will ensure the common adoption of effective and high standards, and of new international rules on ECAs, by all OECD and non-OECD countries, with a view to ensuring a level playing field;

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21. Instructs its President to forward this resolution to the President of the European Council, the Council, the Commission, the governments and parliaments of the Member States, and the OECD Secretariat.

OJ C 56 E, 26.2.2013, p. 87.
OJ C 296 E, 2.10.2012, p. 34.
OJ C 99 E, 3.4.2012, p. 94.
OJ C 99 E, 3.4.2012, p. 31.
OJ C 99 E, 3.4.2012, p. 101.