

Mr. David R. BOYD, Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment; and

Prof. Marcos A. ORELLANA, Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes.

c/o: Ms. Beatriz BALBIN, Chief, Special Procedures Branch, Office of the High Commissioner for Human Rights

Palais des Nations
1211 Geneva 10
SWITZERLAND

[registry@ohchr.org ; cc: emmanuelle.croset@un.org]

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Paris, 17 December 2021

Dear Mr. Boyd and Prof. Orellana,

JOINT COMMUNICATION FROM SPECIAL PROCEDURES

Thank you for your joint communication and its recommendations to the Participants to the OECD Coal-Fired Electricity Generation Sector Understanding (the “CFSU”), annexed to the Arrangement on Officially Supported Export Credits (the “Arrangement”).

You note in your communication that coal-fired power plants produce significant amounts of greenhouse gas emissions, which in turn may have negative impacts on human rights as a result of climate change. In this context, in 2016, the Participants to the Arrangement¹ agreed to implement the CFSU with the aim of limiting export credit support for coal-fired power plants and of encouraging both exporters and buyers of coal-fired power plants to move away from low-efficiency towards high-efficiency technologies.

Since then, the Participants to the Arrangement have gone further: at their meeting on 22 October 2021, they agreed to end official export credit support and tied aid support for unabated coal-fired power plants². This ban came into force on 1 November 2021 and will be reflected in the next version of the Arrangement, which will be issued in early 2022. Further information is available on the OECD website³.

The terms of this ban will be reviewed by no later than 31 December 2022. Any decision in relation to amending this ban must be taken by consensus among the Participants to the Arrangement. In this context, we have transmitted your letter to the Participants to the Arrangement for their consideration.

For information, as Chairs of the Working Party on Export Credits and Credit Guarantees (ECG)⁴ and of the Participants to the Arrangement, our role – alongside the OECD Export Credits Secretariat – is to support and facilitate achieving a consensus among governments, including by sharing information on how they are addressing the issues under discussion. For example, the OECD Export Credits Secretariat has recently undertaken a survey of climate-related and sustainability-related measures introduced by individual ECG Members in their Export Credit

¹ Currently, the Participants to the Arrangement are: Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom and the United States.

² <https://www.oecd.org/newsroom/agreement-reached-at-oecd-to-end-export-credit-support-for-unabated-coal-fired-power-plants.htm>.

³ [https://www.oecd.org/trade/topics/export-credits/documents/Participants%20agreement%20on%20coal-fired%20power%20plants%20\(02-11-2021\).pdf](https://www.oecd.org/trade/topics/export-credits/documents/Participants%20agreement%20on%20coal-fired%20power%20plants%20(02-11-2021).pdf).

⁴ Currently, ECG Members are all 38 OECD Members, except Chile, Costa Rica and Ireland.

Agencies (ECAs), including exclusion policies for projects in certain fossil fuel sectors. A report of ECG Members' responses will be made publicly available on the OECD website⁵ shortly.

With regard to your other recommendations (that the CFSU Participants immediately stop building new coal-fired power plants, terminate all subsidies for all actions related to coal-fired power plants and mining of thermal coal, and require existing coal-fired power plants to be closed by 2030 in high-income countries and by 2040 in middle income countries), these are policy areas that are not within the mandates of either the ECG or the Participants to the Arrangement. As a result, these are not issues that might be addressed or resolved by the groups working on export credits at the OECD.

On the other hand, the ECG is currently considering potential amendments to the OECD *Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* (the "Common Approaches"), which was adopted on 28 June 2012 and revised by the OECD Council on 6 April 2016 ([OECD/LEGAL/0393](https://www.oecd.org/legal/0393)). This Recommendation sets common approaches for official ECAs when they undertake the environmental and social due diligence of the projects to which exports supported by official export credits are destined.

With regard to potential project-related human rights impacts, the Common Approaches contain a number of provisions in relation to screening and assessing applications for potential severe project-related human rights impacts, to reviewing projects where there is a high likelihood of such impacts occurring, and to applying relevant due diligence tools and international standards. Should you have any thoughts on how the Common Approaches might be further enhanced with regard to addressing potential human rights impacts, we should be pleased to include you and/or your colleagues when the ECG undertakes its next round of consultations with stakeholders.

Yours sincerely,

Ms. Silvia GAVORNÍKOVÁ
Chairman of the Working Party on Export Credits and Credit Guarantees (ECG)

Mr. Pekka KARKOVIRTA
Chairman of the Participants to the Arrangement on Officially Supported Export Credits

⁵ <https://www.oecd.org/trade/topics/export-credits/>