

PUBLIC CONSULTATION ON ECGD SUPPORT FOR FOREIGN CONTENT

During the Public Consultation on ECGD's foreign content rules conducted during 2006 and 2007, a submission was made by Non-Governmental Organisations (NGOs) which expressed concern that a relaxation in its foreign content rules could give rise to ECGD providing support for supplies that had involved adverse environmental or social impacts in their production. This was against a background where it has not been ECGD's policy to make enquiries about the production standards of the foreign content it supported.

The Government response to the Public Consultation stated that ECGD would undertake a separate review and, as appropriate, make proposals taking into account the practices of other Export Credit Agencies (ECAs) and of multilateral International Financial Institutions (IFIs), and the possible impact on UK exporters of any change.

ECGD has completed a programme of research to further its understanding of supply chain management issues. This included discussions with exporters, NGOs, ECAs, IFIs, other UK Government Departments, representatives of Trades Unions and others. This established that:

- (a) some of ECGD's customers, particularly large companies, employ supply chain management policies and practices but usually where they have a degree of control over the supply chain; in the main, SMEs do not employ supply chain policies;
- (b) some IFIs have sought to address supply chain management issues; but primarily at a strategic country level;
- (c) no other ECA operates supply chain management policies and practices; and
- (d) a number of international agreements exist which address supply chain management issues, although these are expressed in general terms, do not contain specific definitions of production standards for capital goods business and are voluntary.

Ministers have decided that further work on supply chain management by ECGD should be pursued multilaterally. ECGD is now taking forward this subject internationally with a view to exploring the potential to develop a common

understanding regarding supply chain policies and practices for capital goods business which could be followed by ECAs. To this end, during 2009 ECGD will be seeking to engage with other ECAs to try to establish support for this initiative.

ECGD

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