

FINNVERA

Informal translation into English of the letter of 20 April 2006

Centro de Derechos Humanos y Ambiente (CEDHA)

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Argentina

Pulp factory project in Uruguay

Your letter of 17 March 2006

The request in your letter

On 23 March 2006 the Ministry of the Environment of Finland forwarded to Finnvera plc. a letter, dated 17 March, from the non-governmental organisation Center for Human Rights and Environment, addressed to the Ministry of the Environment, to be processed by Finnvera plc. for those parts which concern its activities regarding a pulp factory project in Uruguay.

Finnvera plc.

Finnvera plc. (Finnvera) is a specialised financing company entirely owned by the Finnish State, which functions as the official Finnish Export Credit Agency. Finnvera's function relating to export credits is to grant guarantees, with which it covers project-related financial and political risks. Finnvera does not make direct investments in projects abroad nor does the company conclude project-related contracts in which one party is a State.

Finnvera's activities are regulated by several national regulations. In relation to export guarantees, relevant laws are the Act on the State-Owned Specialised Financing Company (443/1998), the Act on the State's Export Credit Guarantees (422/2001) and the Council of State decree which completes the latter.

Publicity of documents

As per Section 12 of the Act on the State's Export Credit Guarantees, the publicity of Finnvera's export guarantee activities comes under the Act on the Openness of Government Activities (621/1999) and Section 5 of the Act on the State's Export Credit Guarantees. The latter section of the law is equivalent to Section 94 of the Act on Credit Agencies regulating the obligation of bank secrecy, which protects a client's or other person's trade and professional secrets. The obligation of bank secrecy also protects information concerning whether a party may be in a client or other relation with Finnvera.

## Finnvera's environmental policy

When considering the granting of an export guarantee, Finnvera functions in the manner stipulated by Section 7 of the Act on the State's Export Credit Guarantees and takes into account a project's environmental impacts as part of the evaluation as a whole. Finnvera also follows internationally accepted environmental impact assessment principles and procedures and in implementing the environmental policies of export credit guarantees is in line with other OECD countries' export guarantee agencies.

In 2000, Finnvera's Executive Board confirmed Finnvera's export guarantee activities' environmental principles and environmental impact assessment system. The environmental principles and impact assessment system were updated in May 2004 to correspond with the Recommendation on Common Approaches on Environment and Officially Supported Export Credits adopted by the OECD Council on 18 December 2003.

Finnvera's operative environmental policy and the environmental impact assessment system for export guarantee projects, as well as the mentioned Common Approaches environmental recommendations can be found on Finnvera's internet pages (<http://www.finnvera.fi/index.cfm?id=1538>) (Annex 1). Also attached is a more detailed description of Finnvera's operative environmental policy and environmental impact assessment system (Annex 2).

As per the Common Approaches environmental recommendations, environmental policy concerns all of Finnvera's export guarantees which concern a credit repayment period of over two years and which relate to a project, i.e. construction work, the implementation of a plant or plan, as well as other alterations to a natural environment including utilization of natural resources.

As per Finnvera's environmental policy a project's environmental performance is compared with the requirements of national legislation and international environmental standards. In the comparison, the World Bank Group's environmental standards are primarily used. A project shall a priori meet the obligations set by national legislation, as well as those set by the World Bank Group's standards if the latter are stricter than national legislation.

## Environmental assessment of the pulp factory project in Uruguay

Prior to granting an export guarantee, Finnvera has examined the pulp factory project in line with its environmental policy and continues environmental assessment of the project.

In its environmental assessment Finnvera has used material published on internet pages and, as per the Common Approaches environmental recommendations, on 31 May 2005 has published a link from its internet pages to the environmental impact assessment of the project (<http://www.finnvera.fi/index.cfm?id=1550>) (Annex 3). From the aforementioned pages one can access the cumulative environmental impact assessment of this project and another planned pulp factory project in the area. Finnvera has also had available to it environmental material published on the internet pages of the Multilateral Investment Guarantee Agency and Metsä-Botnia plc.

## Finnvera's answers to your questions

1) Contact between Finnvera and the Uruguay Government?

Answer:

Finnvera does not conclude project-related contracts in which one party is a State.

2) Contacts between any Finnish Corporation involved in the Finnvera's investment in this industry and the Government of Uruguay or any other pertinent local companies, agencies or other institutions?

Answer:

Finnvera does not make direct investments in international projects. As per Section 5 of the Act on the State-Owned Specialised Financing Company, information concerning Finnvera's clients' or other persons' identity shall be kept secret.

3) Contracts between Finnvera and its business partners regarding this investment?

Answer:

Contracts between Finnvera and its clients shall be kept secret under Section 5 of the Act on the State-Owned Specialised Financing Company.

10) Documentation showing that Finnvera has reviewed compliance of this project with environmental assessment of the project under the Export Guarantee Act (422/2001)?

11) Documentation showing that Finnvera has reviewed compliance of this project with international rules and regulations as mentioned in the Export Guarantee Act (422/2001)?

12) Documentation showing that Finnvera has properly conducted environmental, social and economic risk assessment of the project?

Answer:

In answer to your questions in points 10-12 Finnvera presents the documents in annexes 1-3.

13) Documentation showing that Finnvera has assessed the project for compliance of EU Directive 2003/35/CE Article 2 and 1999/391/CE Annex, regarding public participation in plans and programs?

Answer:

The EC regulations mentioned have been implemented into Finnish legislation but are not directly applicable to Finnvera's export guarantee activities.

14) Documentation showing that Finnvera has reviewed compliance with its obligations under the OECD Common Approaches on Environment and Officially Supported Export Credits?

15) Documentation showing that Finnvera has reviewed project cost-benefit or other economic analyses and assumptions, particularly regarding citing and no-project alternatives?

16) Documentation showing that Finnvera has reviewed existing company contracts with the Government of Uruguay to determine that these are in compliance with environmental assessment procedures and that they uphold Finnish law and EU regulations?

17) Documentation showing that Finnvera has reviewed compliance of this project with established international bilateral law between Argentina and Uruguay, particularly as pertains to the Uruguay River Treaty established to project [sic.] the international waterway to be contaminated [sic.] by the mills?

18) Documentation showing that Finnvera has reviewed, and is in agreement with, project sponsor on the use of the technology chosen, particularly as concerns the use Elemental-Chlorine Free (ECF) technology?

19) Documentation showing that Finnvera has reviewed compliance of this project with environmental stipulations of export credit guarantee terms and conditions?

Answer:

In answer to your questions in points 14-19 Finnvera presents the documents in annexes 1-3.

Respectfully,

FINNVERA plc.

Marja Karimeri  
Senior Vice President

Jyrki Valli  
Manager

Annex: Directions for appeal

Annex to the decision of Finnvera (informal translation into English)

## INSTRUCTIONS FOR APPEAL

This decision can be appealed. An appeal can be made only in relation to those parts which deal with documents dating from after 1 July 2001 and for which the Act on the Openness of Government Activities can be applied on the basis of Section 12 of the Act on the State's Export Credit Guarantees. For other parts, as per Section 10 of the Administrative Judicial Procedure Act, this decision cannot be appealed.

## HOW TO MAKE AN APPEAL

An appeal must be made in writing. The following must be in an appeal

- the authority to which the appeal is addressed (Helsinki Administrative Court)
- the decision that is subject to appeal
- what changes are demanded and justifications for these
- name and home municipality of the appellant as well as postal address and telephone number to which announcements concerning the proceedings can be delivered
- signature of the appellant

If an attorney or a legal representative uses the appellant's right to be heard or if the appeal is drawn up by another person, the name and the home municipality of this must be mentioned in a letter of appeal. In this instance the person who has drawn up the appeal must also sign the letter of appeal.

## ANNEXES TO THE LETTER OF APPEAL

To the letter of appeal must be annexed:

- the original or a copy of the decision which is being appealed
- a certificate concerning the service date of the decision or other declaration of the beginning of the appeal period
- documents to which the appellant refers in order to support his/her demands if they have not been previously delivered to the authority
- power of attorney if the representative is not a lawyer or legal aid counsel

## APPEAL PERIOD

An appeal must be delivered within 30 days from the date of service. In determining the appeal period the day the service is received is not counted. The date of service is calculated as follows:

- If the decision has been sent in the post against an advice of receipt, the date of service is shown on the receipt. The advice of receipt shall be annexed to the appeal documents
- If served by postal letter, the concerned party is considered as served, unless otherwise shown, within seven (7) days from the day the letter was sent.
- If the decision has been sent through another means, e.g. against advice of receipt to a person other than the recipient of the decision (substitute service), the decision is considered as served on the third day from the date indicated in the advice of receipt.

## DELIVERY OF A LETTER OF APPEAL

An appeal can be delivered in person to Helsinki Administrative Court, by post through paid postal delivery or through a representative or courier. Posting occurs on the sender's responsibility. For the appeal to be investigated, the appeal must reach Helsinki Administrative Court during office hours before the end of the 30 day appeal period.

Postal address

HELSINKI ADMINISTRATIVE COURT

P.O. BOX 120

00521 Helsinki

Visiting address: HELSINKI ADMINISTRATIVE COURT, Ratapihantie 9, Helsinki