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20 June 2007

Dear Mr Hildyard

**REQUEST FOR BUSINESS PRINCIPLES UNIT ASSESSMENT REPORT  
(EIR(06)16)**

Thank you for your request dated 16 September 2006. In your request you asked for a copy of all the assessment reports of the Business Principles Unit (BPU) relating to the following guarantees, as listed in the ECGD's 2005-06 Annual Report:

1. Rolls-Royce Power Engineering plc: Power Generation Modules for Petrobras Netherlands BV
2. VWS Westgarth Ltd: P52 Sulphate Reduction for Petrobras Netherlands BV
3. Koch Chemical Technology Group Ltd: Vacuum Deaeration for Petrobras Netherlands BV's P52 project
4. Invsat Ltd Petrobras: Telecom Package for Petrobras Netherlands BV's P52 project

ECGD has considered your request under the Environmental Information Regulations 2004 (the "EIRs") and the Freedom of Information Act 2000 (the "FOIA"). I apologise for the length of time it has taken to reply to your request.

Please note that ECGD only holds one BPU assessment report in relation to the four guarantees listed above since they relate to the same project.

Following careful consideration, I can inform you that we have decided not to disclose some of the information. The information that can be disclosed is attached.

The remainder of the information is being withheld for the reasons set out below.

Please note that portions relating to the opinions of the author of the report and consultants working for the BPU have been redacted as they are subject to the exception in Regulation 12(4)(e) (internal communications) of the EIRs (to the extent that they are environmental information) and the exemption in Section 36(2)(b) or

36(2)(c) of the FOIA (to the extent that they are not environmental information) by reason of prejudice to the effective conduct of public affairs.

BPU reports form a key part of ECGD's risk assessment process, which is a core part of ECGD's business. It is critical to ECGD that officials have the ability to hold open discussions on all relevant information and to provide frank opinions and evaluations in respect of relevant information, in order to ensure that there is a candid and rigorous assessment of all risks relating to a particular case, including environmental risks. The effect of disclosure of the opinions contained in the reports would be to inhibit future BPU assessments by making officials more circumspect in expressing their assessments undermining the integrity of ECGD's underwriting process.

Although we acknowledge that there is a public interest in giving assurance that ECGD has robust procedures in place before entering into new business, there is also a powerful public interest in ensuring that there is a space within which ECGD officials are able to discuss case-related issues freely and frankly, based on all relevant information. This enables them to make informed and rigorous risk assessments of applications for ECGD support. We therefore consider that the balance of the public interest is in favour of non-disclosure in respect of the information withheld in this case by reason of prejudice to the effective conduct of public affairs.

The exception in Regulation 12(5)(a) (international relations) of the EIRs (to the extent that the information is environmental information) and the exemption in Section 27 (international relations) of the FOIA (to the extent that the information is not environmental information) also applies to some of the information withheld, as the release of this information could compromise the future co-operation between the UK and other Export Credit Agencies in relation to future projects. In complex projects such as this one, ECGD relies on being able to exchange information and views with Export Credit Agencies in other countries. These exchanges are conducted on the basis that they will not be disclosed other than in exceptional circumstances. The ability of the UK Government to support projects abroad would be compromised if other Export Credit Agencies involved in projects supported by ECGD became concerned that information and views exchanged during the course of due diligence might be released.

We understand that there is a public interest in the release of this information and that this must be balanced against the public interest in withholding it. However, we consider that the public interest in the transparency created by release of such information is outweighed by the public interest in maintaining good relations with other Export Credit Agencies so that decisions taken by ECGD can be made in a fully informed context.

We have also withheld a small portion of information under section 43 (prejudice to commercial interests) of the FOIA. ECGD has entered into call-off contracts with various consultants. Revealing the identity of the particular consultant engaged for a particular piece of work is likely to affect our ability to freely select consultants in the future under such call-off arrangements, and would impact on our procurement processes. We are aware that there is a public interest in information relating to public procurement. However, ECGD believes the public interest in revealing such information to be clearly outweighed by the public interest in not damaging ECGD's procurement process.

Please also note that the name of the author of the report has not been provided as we consider that the information is not relevant to your request.

The Minister for Trade has approved the use of Section 36 of the FOIA in all the above instances.

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<http://www.opsi.gov.uk/click-use/index.htm>

If you are unhappy with the way the ECGD has handled your request, you may ask for an internal review. You should contact Steve Roberts-Mee, Senior Information Officer, ECGD, PO Box 2200, 2 Exchange Tower, Harbour Exchange Square, London E14 9GS, or email: [information.access@ecgd.gsi.gov.uk](mailto:information.access@ecgd.gsi.gov.uk) if you wish to complain. Under Regulation 11(2) of the EIRs this needs to be done no later than 40 working days after the date of this letter.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

If you have any queries about this letter, please contact me quoting the reference number above in any future communications.

Yours sincerely



James Gallagher  
Information Officer