

2 February 2021

Sent via email: [aligning\\_uk\\_intl\\_support@beis.gov.uk](mailto:aligning_uk_intl_support@beis.gov.uk)

To whom it may concern:

As an organization, Friends of the Earth United States (FoE US) submits the following comments in response to United Kingdom government announcement last year to end its financing for oil and gas projects overseas. FoE US is incredibly supportive of such an action, but it is of the utmost importance that this policy and its implementation be as strong as possible, free from any loopholes or exceptions. As elaborated on below, **this ban on overseas fossil fuel support must begin immediately without any exclusions or exemptions, and a hold must be placed on the consideration of all fossil fuel projects.**

### **Implementation by March 2021**

This ban on overseas support on fossil fuels must go into effect immediately – by March 2021. FoE US, therefore, supports option A in the consultation paper. FoE US is advocating for a similar timeline for the implementation of President Biden’s international climate executive order. The impacts of the current climate crisis are worsening every year – more intense and more frequent hurricanes, greater periods of drought, larger numbers and more expansive wildfires, more frequent and more destructive floods – to name a few. The world cannot wait any longer for action. Both the United States and the United Kingdom are responsible for billions of dollars of support for overseas fossil fuels projects that have exacerbated climate change. To delay any longer would allow these impacts to worsen with the impacts being disproportionately felt by developing countries.

This timeline is required to build confidence for other countries, especially the United States, to make the similar pledges before the COP26 summit. This will increase the chances of the summit being a success and help meet UK international climate objectives and lay the foundation for strong and effective UK leadership on overseas fossil fuel finance at COP26 and beyond. In addition, The UK must put on hold any fossil fuel-related projects that are currently under consideration in order to not undermine this new policy and send a strong signal to other countries, including the United States, for them to also end their overseas support for fossil fuels.

### **Must Cover All Support for All Fossil Fuels and Related Infrastructure**

The UK government must end support for all overseas fossil fuels projects without exception. The policy must cover gas power because any new fossil fuel power plants, including gas power plants, is incompatible with 1.5 degrees Celsius.<sup>1</sup> The gas sector emits a large and growing amount of methane emissions.<sup>2</sup> According to the Intergovernmental Panel on Climate Change, methane is a greenhouse gas that is 87 times as potent as carbon dioxide over a 20-year timeframe.<sup>3</sup> Studies since the last IPCC

---

<sup>1</sup> Alexander Pfeiffer, et al., *The ‘2°C Capital Stock’ for Electricity Generation: Committed Cumulative Carbon Emissions from the Electricity Generation Sector and the Transition to a Green Economy*, 179 APPLIED ENERGY 1,395(2016), <https://www.sciencedirect.com/science/article/pii/S0306261916302495>.

<sup>2</sup> Renee McVay, Hillary Hull & David Lyon, *Oil and Gas Methane Emissions in New Mexico*, <https://www.edf.org/sites/default/files/new-mexico-methane-analysis.pdf> (finding that the oil and gas industry in New Mexico emitted an amount of methane that has the climate impact of about 12 coal-fired power plants).

<sup>3</sup> IPCC, WORKING GROUP I CONTRIBUTION TO THE IPCC FIFTH ASSESSMENT REPORT CLIMATE CHANGE 2013: THE PHYSICAL SCIENCE BASIS (2013), [http://www.climatechange2013.org/images/uploads/WGIAR5\\_WGI-12Doc2b\\_FinalDraft\\_All.pdf](http://www.climatechange2013.org/images/uploads/WGIAR5_WGI-12Doc2b_FinalDraft_All.pdf). Some calculations of methane’s impact look at the longer timeframe of 100 years, but the shorter 20-year timeframe is more appropriate to properly reflect methane’s stronger impact in the short-term due to its atmospheric lifespan of about 12 years. Considering that scientists have concluded that significant reductions must take place in the next decade in order to limit the worst impacts of climate change, it is imperative to account for methane’s warming impact in the short-term.

report have found that methane's global warming potential is probably 14 percent higher than that.<sup>4</sup> Using the 20-year time period, both shale gas and conventional natural gas has a greater climate impact than coal or oil because natural gas is composed largely of methane, which is far more effective at trapping heat in the atmosphere than is carbon dioxide.<sup>5</sup> Therefore, smaller amounts of methane emissions can lead to a larger climate footprint than similar carbon dioxide emissions. This is especially relevant since the estimates of methane pollution are increasing; for example, natural gas power plant emissions are up to 120 times more than previously thought.<sup>6</sup> Moreover, any climate benefit from switching from coal to natural gas is offset by methane leakage, as well as the displacement of renewables.<sup>7</sup> Investment in natural gas often diverts financing away from renewables, such as solar and wind, resulting in the installation of fewer megawatts of renewable energy in favor of natural gas.<sup>8</sup>

In creating this policy governing overseas fossil fuel support, the UK government must include fossil fuel-related infrastructure and associated facilities. The definition of 'fossil fuel projects' used for the final policy must be broadly drawn. Some infrastructure projects that are not in of themselves fossil fuel projects, enable fossil fuel projects to go ahead. For example, the Kaabale International Airport in Uganda, which UK Export Finance recently supported,<sup>9</sup> will largely be used to develop an oil refinery, oil export pipeline and associated infrastructure in the area. To allow these projects to still receive UK support would undermine the UK Government's climate credibility.<sup>10</sup>

All forms of support through all UK-controlled channels must be covered by the policy. The policy should apply immediately and in its entirety to all investments through UK Export Finance, CDC Group (which is completely owned by the UK government), and the Private Infrastructure Development Group (PIDG) (which is majority-funded through UK ODA). For multilateral development banks (MDBs), the policy should guide both the UK's voting positions and its approach to fund replenishments. The policy should apply in its entirety to all forms of support through all UK aid-receiving institutions, including all forms of investment and support through financial intermediaries.

### Positive Economic Impact

Ending overseas support for fossil fuels will have positive economic impacts both in the United Kingdom and abroad. Without the international subsidies for fossil fuel projects in host countries, these countries will shift towards renewable energy, especially if UK support is shifted from fossil

---

<sup>4</sup> M. Etminan, et al., *Radiative Forcing of Carbon Dioxide, Methane, and Nitrous Oxide: A Significant Revision of the Methane Radiative Forcing*, 43 GEOPHYSICAL RESEARCH LETTERS 12,614 (2016), <http://onlinelibrary.wiley.com/doi/10.1002/2016GL071930/full>.

<sup>5</sup> Robert W. Howarth, *A Bridge to Nowhere: Methane Emissions and the Greenhouse Gas Footprint of Natural Gas*, ENERGY SCI. & ENG'G (2014),

[http://www.eeb.cornell.edu/howarth/publications/Howarth\\_2014\\_ESE\\_methane\\_emissions.pdf](http://www.eeb.cornell.edu/howarth/publications/Howarth_2014_ESE_methane_emissions.pdf); Robert W. Howarth, Renee Santoro & Anthony Ingraffea, *Methane and the Greenhouse-Gas Footprint of Natural Gas from Shale Formations*, CLIMACTIC CHANGE (2011), <http://www.acsf.cornell.edu/Assets/ACSF/docs/attachments/Howarth-EtAl-2011.pdf>

<sup>6</sup> Tegan N. Lavoie, *Assessing the Methane Emissions from Natural Gas-Fired Power Plants and Oil Refineries*, 51 ENVTL. SCI. & TECH. 3,373 (2017), <http://pubs.acs.org/doi/abs/10.1021/acs.est.6b05531>.

<sup>7</sup> Christine Shearer et al., *The Effect of Natural Gas Supply on US Renewable Energy and CO2 Emissions*, 9 ENVTL. RES. LETTERS 1, <http://iopscience.iop.org/article/10.1088/1748-9326/9/9/094008/pdf>; Steven J. Davis & Christine Shearer,

*Climate Change: A Crack in the Natural-Gas Bridge*, 514 NATURE 436 (2014), <http://www.nature.com/nature/journal/v514/n7523/full/nature13927.html>; Haewon McJeon, *Limited Impact on Decadal-Scale Climate Change from Increased Use of Natural Gas*, 514 NATURE 482 (2014), <http://www.nature.com/nature/journal/v514/n7523/full/nature13837.html>

<sup>8</sup> Shakeb Afsah & Kendyl Salcito, *Shale Gas: Killing Coal without Cutting CO2* (2013), <http://co2scorecard.org/home/researchitem/28>.

<sup>9</sup> UK Export Finance, *Category A project supported: Kabaale International Airport Project, Uganda* (2 Feb. 2018), <https://www.gov.uk/government/publications/category-a-project-supported-kabaale-international-airport/category-a-project-supported-kabaale-international-airport-project-uganda>.

<sup>10</sup> Emma Gatten, "Government faces accusations over climate credibility as £240m loan to oil hub airport emerges," The Telegraph (9 Dec. 2020), <https://www.telegraph.co.uk/environment/2020/12/09/government-faces-accusations-climate-credibility-240m-loan-oil/>.



fuels to renewables. Renewable energy projects will create green jobs in the solar, wind, and other industries. In addition, host countries will benefit economically from better health outcomes and cleaner air and water as a result of a reduced fossil fuel production and use.

The fossil fuel industry's economic troubles predate the COVID-19 pandemic due to shifts that were already in place. The UK domestic oil and gas industry, as well as foreign oil and gas companies working on the same projects, do not need to receive any further subsidies. The domestic North Sea oil and gas industry, as well as many other oil and gas reserves were already in permanent decline. Research has shown that the phase-out of UK Export Finance support for oil and gas “is unlikely to have a meaningful negative impact” on UK domestic oil and gas jobs.<sup>11</sup> Therefore, attempts to water down the policy or to extend the timeline for policy phase-in are not needed.

### **Improve Transparency of Fossil Fuel Support**

The UK government must immediately identify and publish all existing support for overseas fossil fuel projects. This public information should include channel, type of finance, project and value, including but not limited to indirect/ intermediary investments and support for associated projects. While the U.S. government disclosure is far from perfect, a website similar to the [data.exim.gov](https://data.exim.gov) and [DFC's active projects site](https://www.dfc.gov/active-projects) should be a bare minimum of information that the UK government provides. Furthermore, when providing this project level information, the UK government should also identify which existing forms of support for fossil fuels would be excluded under the new policy, which would remain permissible under all circumstances, and which could continue to be supported subject to conditions. All ongoing fossil fuel support should be disclosed annually.

### **Conclusion**

United States President Biden announced a plan for the U.S. government to end its overseas support for fossil fuels, including from the U.S. Export-Import Bank and the U.S. International Development Finance Corporation.<sup>12</sup> The UK Government must lead by example and potentially catalyse stronger action from the United States and other countries in the lead up to COP26. Therefore, this groundbreaking policy must start in March 2021 without any exclusions or exemptions that will allow any funding of oil and gas projects. Further, the UK government must immediately put on hold all consideration of oil and gas projects. FoE US appreciates your consideration of these comments.

Sincerely,

Kate DeAngelis  
International Finance Program Manager  
Friends of the Earth U.S.  
1101 15th Street NW, 11th Floor  
Washington, DC 20005  
202-222-0747  
[kdeangelis@foe.org](mailto:kdeangelis@foe.org)

---

<sup>11</sup> Vivid Economics, UK Export Finance (Oct. 2020), [https://www.vivideconomics.com/wp-content/uploads/2020/10/20201012-UKEF-and-domestic-jobs\\_3rd-draft\\_clean.pdf](https://www.vivideconomics.com/wp-content/uploads/2020/10/20201012-UKEF-and-domestic-jobs_3rd-draft_clean.pdf).

<sup>12</sup> Tackling the Climate Crisis at Home and Abroad, E.O 14008, 27 Jan. 2021, <https://www.govinfo.gov/content/pkg/FR-2021-02-01/pdf/2021-02177.pdf>.