

September 9, 2021

James G. Burrows
Acting President and Chair
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, D.C. 20571

James Cruse
Acting Vice Chairman and First Vice President
Export-Import Bank of the United States

Spencer Bachus
Member of the Board of Directors
Export-Import Bank of the United States

Cc: Sherrod Brown, Chairman, Senate Banking Committee
Patrick J. Toomey, Ranking Member, Senate Banking Committee
Maxine Waters, Chairwoman, House Financial Services Committee
Patrick McHenry, Ranking Member, House Financial Services Committee
Ali Zaidi, Deputy White House National Climate Advisor

Re: EXIM's consideration of financing for a modular oil refinery in Kazakhstan

Dear Mr. Burrows, Mr. Cruse, and Mr. Bachus:

We write to express deep concern for EXIM's consideration of an oil refinery in the Terektsky District (near Uralsk) in West Kazakhstan. While it is difficult to determine the exact project that EXIM is considering based on the one row of information on EXIM's pending projects website, we believe that the project is in the village of Algabas. If this is incorrect, we request further information to identify the correct project. We urge the bank to reject any support for this project due to the negative impacts on the climate, human rights concerns, allegations of corruption and mismanagement, and the fact that there is already sufficient oil refining capacity in the region.

Local Environmental and Human Rights Issues

Western Kazakhstan is the center of Kazakhstan's oil and gas industry and is home to numerous massive oil and gas fields, including Karachaganak, Kashagan, and Tengiz. Local communities have suffered environmental harm from the development of these fields and others, which are being developed by American, Chinese, Italian, and Korean corporations, among others. These impacts have included drops in fish catches, neurological issues, cardiovascular illnesses, respiratory illnesses, anemia, and blood illnesses such as leukemia. Fires and other dangerous incidents are common, including a [fire at the Atyrau refinery](#) in 2020 that resulted in a mushroom [cloud of black smoke](#) that was visible 60 kilometers away. Gas condensate and oil in this part of the region is highly sulfurous, meaning hydrogen sulfide, mercaptans, and other toxic

emissions from the hydrocarbons are at high levels, requiring extra due diligence during extraction and refining.

Labor issues resulting in human rights violations at oil fields in western Kazakhstan are also a serious concern. There have been numerous worker strikes and riots, most notably the [Zhanaozen riots](#), which involved serious human rights violations, police violence, and [at least 11 deaths](#). Foreign workers receiving higher salaries and better benefits has caused anger among local workers. In one incident in 2019, about [1,000 workers went on strike](#) due to such resentment of differentiated treatment with hospitalizations and potentially deaths resulting.

Climate Change

Supporting this oil refinery is not in keeping with climate goals of the Biden Harris Administration and commitments of the Paris Agreement. As you are well aware, President Biden issued the [Executive Order on Tackling the Climate Crisis at Home and Abroad](#), which aims to put the climate crisis at the center of U.S. foreign policy and national security and to take a government-wide approach to the climate crisis. The executive order directs EXIM and other agencies to “promote ending international financing of carbon-intensive fossil fuel-based energy while simultaneously advancing sustainable development and a green recovery.” The subsequent U.S. [International Development Climate Finance Plan](#) requires Department of Treasury to “spearhead efforts to modify disciplines on official export financing provided by OECD ECAs, to reorient financing away from carbon-intensive activities.” To support this project would directly contradict these goals, putting the Biden Harris Administration’s reputation as a climate leader at risk. Oil refineries are the world’s third-largest stationary emitter of greenhouse gases with carbon dioxide emissions from oil refineries [having risen 24 percent from 2000 to 2018](#). Refineries can operate for more than 50 years, meaning that supporting an oil refinery now will lock in levels of emissions incompatible with the Paris Agreement commitments. [According to USAID](#), Kazakhstan is one of the world’s largest GHG emitters, with its energy sector accounting for 82 percent of greenhouse gas emissions (according to 2015 figures).

Mismanagement and Alleged Corruption

EXIM’s support is being proposed in the context of a country and industry sector rife with documented corruption. The project appears to be mired in mismanagement and corruption. Over the past decade this antiquated oil refinery project has had numerous false starts in upgrading and improving the project. A reason the project has not moved forward could be that another refinery is not needed as Kazakhstan already has other refineries operational in the region.

If these allegations prove to be true, this would not be the first time that corruption has plagued fossil fuel projects in the country. Kazakhstan has been involved in numerous corruption scandals in the oil and gas sector. One such scandal in Karachaganak resulted in Baker Hughes [being found guilty](#) of paying \$4.1 million in bribes to government officials in violation of the Foreign Corrupt Practices Act (FCPA). The Department of Justice stated:

In a related matter, Baker Hughes reached a settlement of a complaint filed by the Securities and Exchange Commission under which it agreed to pay \$10 million in civil penalties and more than \$24 million in disgorgement of all profits it earned in connection with the Karachaganak project, including prejudgment interest. The \$44 million in combined fines and penalties is the largest monetary sanction ever imposed in an FCPA case.

Another scandal involved the US government [charging](#) James Giffen with paying \$20 million in bribes to Kazakh officials to secure contracts in Tengiz for Western oil companies.

UAE Involvement

It is not in the interest of the United States to provide funding to a project with investment from the United Arab Emirates due to human rights concerns. The Biden Harris Administration [has pledged](#) to put human rights at the center of its foreign policy and committed to protect human rights defenders and hold human rights abusers accountable. The UAE has a long history of repression and human rights violations. The UAE has arrested and detained human rights defenders, including [Ahmed Mansoor](#), and [targeted the relatives of Emirati dissidents](#) with travel bans, education and job restrictions, surveillance, and the violation of other basic rights. In addition, [according to Amnesty International](#), women remain unequal under the law, consensual same-sex sexual activity and extramarital sex continues to be prosecuted, and unfair trials have resulted in imprisonment.

In 2020, the owner of the UAE company West Hydrocarbons Commercial Investment LLC [stated](#) that the company is building the refinery and planned to continue investing in new projects. [Other reporting](#) has confirmed the involvement of West Hydrocarbons Commercial Investment LLC and has [referenced](#) “Arab investors.” With such extensive involvement from the UAE, EXIM should not become involved in the project and be seen as working with such a repressive government and its companies.

We appreciate your consideration of our concerns. We request to meet with you to further discuss the oil refinery under consideration in Kazakhstan and look forward to your response.

Sincerely,

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